

OVERSEAS NEWS

Spanish voters endorse moderate Suarez policy

BY ROBERT GRAHAM IN MADRID

THE SPANISH electorate has given a conservative endorsement to the ruling party Union de Centro Democrático (UCD) of Sr. Adolfo Suarez in Thursday's general elections here. UCD failed to obtain an absolute majority but collected sufficient seats to form a workable minority government.

The King is expected to meet Sr. Suarez shortly to ask him to form a new government. The prospect of a renewal of the Suarez mandate for another four years pushed prices on the three Spanish Stock Exchanges sharply upwards. The Peseta also gained ground after having been mildly supported by the Bank of Spain to sustain a dollar parity above 68 pesetas to the dollar earlier in the week.

With counting almost complete UCD emerged with 35 per cent of the vote and a projected 167 seats in the 350-seat Lower House of Parliament. This is a marginal improvement on the party's 165-seat showing in the first democratic elections of June, 1977. In the Upper House the UCD obtained an absolute majority with 119 of the 208 seats. Meanwhile, the Socialist Party (PSOE) significantly failed to increase its strength as the main opposition. The PSOE obtained a projected

121 seats against 118 in 1977. The poll was low. Only 67 per cent of the electorate voted against 77 per cent in 1977.

The UCD party was yesterday euphoric about the result. UCD apparently lost a few votes to PSOE but more to the regional parties. This was compensated for by a movement of voters away from the right wing grouping Coalición Democrática, recently formed round the Alianza Popular of Sr. Manuel Fraga.

The PSOE lost ground to the regional parties both in the Basque country and in Andalusia. Analysts also believe that the party's low key campaign failed to impress potential

voters that it was a party of real opposition. The static performance of the PSOE must, therefore, be seen as a setback to the party's 38-year-old leader Sr. Felipe Gonzalez.

The Communist Party considerably improved its performance raising its projected number of seats from 20 to 22. The party claimed to have picked up votes from the Left wing of the PSOE. At the same time it prevented serious desertions to the numerous parties fighting to their left. These far Left parties fared worse than anticipated. The exception here was the militant Basque group Herri Batasuna which picked up three seats.

LOWER HOUSE (CONGRESS)

Party	Seats	%	1977	%
UCD	165	34.7	165	35
PSOE	118	24.2	121	29
PCE	20	4.2	22	5
CD (AP)	16	3.3	9	2
CU	13	2.7	10	4
PNV	8	1.6	8	1.5
UN	3	0.6	1	0.2
HB	3	0.6	3	0.7
Others	18	3.7	12	3

These figures are still provisional and could alter fractionally. UCD—Union de Centro Democrático; PSOE—Partido Socialista Obrero Español; PCE—Partido Comunista Español; CD—Coalición Democrática (Incorporating Alianza Popular); CU—Convergencia i Unió (Catalan Conservative Party); PNV—Union Nacional; HB—Herri Batasuna.

Go-ahead likely for Veba deal

BY ADRIAN DICKS IN BONN

COUNT OTTO LAMSDORFF, the West German Economics Minister, is expected to give his consent next Monday to the DM500m exchange of interests proposed last June by Deutsche BP and Veba, the West German Government-controlled energy group. The two companies had appealed to the Minister to overrule objections to the deal lodged by the Federal Cartel Office and Monopolies Commission.

Although Count Lamsdorff, who was in the U.S. most of this week, has given no clue to his decision, hopes are rising among the companies concerned after the Competition Department in Brussels yesterday said it had wound up its own inquiries into the deal.

The Economics Minister's approval, industry experts believe, is likely to be given sub-

ject to firm guarantees of the future managerial independence of Ruhrigas, West Germany's largest natural gas importer and distributor.

Deutsche BP, for which a 25 per cent stake in Ruhrigas is the main attraction of the deal with Veba, has already told both the Brussels Commission and the West German cartel office that it is prepared to give such guarantees.

The two official bodies have now both approved the final form of an understanding between Deutsche BP and Ruhrigas, the big West German hard coal group which is also a Ruhrigas shareholder, whose effect will be to prevent Deutsche BP and Ruhrigas from outbidding the other Ruhrigas shareholders.

Deutsche BP has also said it is willing to abide by existing arrangements within the so-called Bergemann pool, through

which is exercised the 25 per cent of Ruhrigas it wants to buy, as well as the holdings of Ruhrkohle and a number of groups including Texaco.

At the heart of the West German official reservations to the BP-Veba transaction has been the fear that Deutsche BP's acquisition of a blocking minority of Ruhrigas could lead to the natural gas market being subjected to the interests of either the oil majors or of the coal industry, since BP worldwide is active in both fuels.

In addition to offering guarantees against any such anti-competitive influence on the Ruhrigas management, Deutsche BP and Veba have been arguing that the firm tonnes of crude which the German company would take each year under the deal is in the public interest, since it offers West Germany some additional security of crude supply.

La Malfa fails to form a government

By Rupert Cornwell in Rome

Sig Ugo La Malfa, the Italian Prime Minister designate, last night abandoned his attempt to rebuild a Government majority. His failure to push Italy to the brink of early general elections this spring.

The collapse of his efforts to solve the month old government crisis reflects the inability of Sig La Malfa, the first non-Christian-Democrat to be nominated premier in 30 years, to break the deadlock between the long ruling party and the powerful Communists.

The Christian Democrats have flatly dismissed the minimum demand of Sig Enrico Berlinguer, the Communist leader, for at least some left-wing independent ministers in a new administration.

The Communists in turn have rejected as insufficient the compromise offered by Sig La Malfa of a "directory" consisting of leaders of the five parties of the former parliamentary majority, that would meet regularly to review the performance of the government.

The next move is up to Sig Sandro Pertini the President. But the chances of avoiding an early dissolution of Parliament, two years before its five year term expires in mid-1981 and only three years after the last inconclusive general elections of 1976, last night looked slim indeed.

The President is expected after a weekend pause to invite another politician to make one last attempt to put together a government. The more likely choice remains a Christian Democrat, who would aim at recreating some form of the discredited centrist formula of the 1960s.

In that case, everything would depend on the Socialists whose support, or at least abstention, would be required.

Such a step, however, could split the party down the middle and damage it grievously.

Italian trade in deficit

By Our Rome Correspondent

ITALY'S HOPES of its first annual trade surplus since 1942 have been dashed by belatedly published figures for December 1978. These showed that the country recorded a heavy deficit of L545bn (£220m) that month, making one of L545bn (£220m) for the whole of 1978.

The final result contradicts assertions, including one from outgoing Prime Minister Sig. Giulio Andreotti, that Italy had capped its impressive financial recovery last year by reporting a surplus on its physical trade.

Nevertheless, the deficit is far below the 1977 shortfall of L2,451bn (£1,055bn), and only a fraction of the L3,563bn (£1,532bn) in the economic crisis year of 1976.

The December deficit possibly contains the seeds of a future weakening of Italy's trade position, given that 1979 is likely to see a surge in imports to maintain the recovery of output.

Carter talks with Begin fail to break deadlock

BY DAVID BUCHAN IN WASHINGTON

A SECOND ROUND of crucial Middle East talks between President Jimmy Carter and Mr. Menachem Begin, the Israeli Prime Minister, was declared to have been "serious, wide-ranging and useful" but according to a White House assessment, still failed to bridge the gap dividing Israel and Egypt on the terms of a peace treaty.

A further meeting due yesterday afternoon between the U.S. and Israeli leaders was cancelled, so that their respective delegations could review what was said in the morning for signs of possible compromise.

However, Mr. Begin was due to see Mr. Carter again last night. Officials on both sides chose not to speculate on what might happen if these talks break down. Mr. Carter's invitation to Mr. Begin to come to Washington has been viewed as a last ditch effort to breathe life into the Mideast peace

initiative, which received a serious setback when the Israeli Premier made it clear he would negotiate directly only with President Anwar Sadat of Egypt, while Mr. Sadat had left negotiations to the prime minister Mr. Mustapha Khalil.

The White House was sought to impose an almost total news blackout on the talks which it had hoped would be held in the seclusion of Camp David. But Mr. Begin, who wanted the talks to take place in Washington skirted this attempted publicity restriction by giving Israeli reporters an optimistic view of his preliminary talks with Mr. Carter late on Thursday night.

This contrasted sharply with the Israeli Prime Minister's statement on his arrival earlier that the Egyptian-Israeli talks were in "deep crisis" and that "we cannot be pressed into signing a sham document."

The stumbling blocks appear to be the same as those that

prevented Egypt and Israel from agreeing to a peace treaty by the original deadline of last December. The two have been at loggerheads over the possible link between a bilateral peace treaty and autonomy for Gaza Strip and West Bank Palestinians, and also over the status of Egypt's commitments to its Arab neighbours.

Mr. Carter and Mr. Begin may also deal with the issue of oil from the Sinai, which has assumed greater importance for Israel since its supplies were cut off from Iran.

If the current talks progress, Mr. Carter has said he may consider asking President Sadat or his Prime Minister, Mr. Mustapha Khalil, to join them. Israeli officials yesterday doubted, however, whether Mr. Begin would agree to negotiate directly with anyone less than Mr. Sadat.

Washington petrol price move

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

THE U.S. Department of Energy yesterday put into effect new petrol pricing rules which should result in almost as steep an increase in domestic prices as if Federal controls were removed entirely.

The Department's action, which is not subject to Congressional approval, allows refiners to add a larger portion of generally higher refining costs to petrol prices rather than to other products, such as home heating oil. Previously they have been compelled to spread

higher costs throughout the oil product range.

The Department has emphasised that its new policy, known as the "gasoline tilt" plan, has to be seen as an alternative to the option of removing Federal controls over oil pricing. This option is still open to the President, who must decide by this spring whether or not to end, prolong, or merely phase out Federal controls and who is currently weighing up the political and inflationary consequences of such a decision.

Under the "gasoline tilt" formula, as outlined by Dr. Schlesinger earlier this week, led regular petrol prices could rise to about 75 cents a gallon from the current average of about 63 cents in a year or two. This estimate does not include the impact of the latest round of oil price increases announced by the promise of the producing nations.

A larger increase, however, is anticipated in the price of unleaded petrol.

U.S., China claims settlement

BY DAVID BUCHAN IN WASHINGTON

CHINA WILL pay \$80.5m over the next five years in settlement of \$197m in claims by American companies, and the U.S. will unlock \$80m in Chinese assets frozen in this country since the two countries broke off relations in 1949.

The agreement came at the end of four days of negotiations by Mr. Michael Blumenthal, the U.S. Treasury Secretary, in Peking. It is the necessary first

step to the negotiation of trade and other economic accords between the U.S. and China.

China is to pay its first \$30m in cash on October 1 this year, and the rest in instalments up to 1984. Though China is only meeting the U.S. claims to the extent of 41 cents in the dollar—while the U.S. has agreed to release the smaller amount of blocked Chinese assets in full—the deal was said to be the most favourable the U.S. has negotia-

ted with a Communist country.

Some 300 American companies and individuals have filed compensation claims against the Peking Government—the largest single claim being made by the Boise-Cascade Corporation which used to own the Shanghai Power Company, for \$34m.

Each American claimant will apparently receive a flat minimum of \$1,000. Thereafter, for each additional \$1,000 of claim made, it will get \$410.

Vietnam rejects talks proposal

BY RICHARD NATIONS IN BANGKOK

VIETNAM YESTERDAY hardened its diplomatic offensive, dismissing Chinese proposals for negotiations and rejecting the neutrality of the U.S. Japan and Thailand in its border war with China.

The Vietnamese Foreign Ministry in a note to China demanded the "immediate, total and unconditional withdrawal" of Chinese troops in Vietnam.

Only when these demands are met will the Vietnamese side be ready to negotiate with China to restore normal relations between the two countries, the note said.

Hanoi's demand that China withdraw all its invading forces was an "unchanging principle"

according to an official commentary read over Radio Hanoi yesterday, which characterised the Chinese proposals for negotiations as an attempt to "fool world public opinion and cover up its war of aggression."

Another radio editorial attacked "Ambiguous statements coming from Washington, Tokyo and a number of western capitals defending the Chinese war of aggression on Vietnam."

The editorial pointed out that the Chinese invasion came shortly after Mr. Deng Xiaoping's visit to the U.S. and that the White House had dispatched Mr. Michael Blumenthal, the Treasury Secretary, to Peking only a few days after Chinese troops

entered Vietnam.

The official Vietnamese commentary also condemned the ceremonial March 1 hoisting of the flag over the U.S. embassy in Peking.

Thailand also came under strong attack from the Vietnamese Communist Party newspaper Nhan Dan, which reinforced charges levelled on Thursday from the Hanoi-backed Heng Samrin Government in Phnom Penh that Bangkok was collaborating with Peking to supply the Khmer Rouge insurgents in Cambodia.

Meanwhile, diplomats here report a lull in the fighting around Lang Kon where large forces of both armies confront each other.

Khomeini prohibits import of frozen meat

By Andrew Whitley in Tehran

AYATOLLAH KHOMEINI yesterday banned the import into Iran of frozen meat on the grounds that the animals were not slaughtered in accordance with strict Islamic provisions. The move will severely hit Australian and New Zealand exports.

From his new home in Qom, Iran's holy city, the Ayatollah said stocks already in Iran should be destroyed. These stocks, held in newly constructed cold stores, are believed to be still relatively high.

Last year Iran imported some 170,000 tons of red meat, half in the form of frozen lamb, making it Australia's biggest customer for lamb and mutton. Meat consumption, and thus imports, have soared in recent years. In 1971-72, just before the oil boom, red meat imports were only 21,000 tons.

The main purpose of the Ayatollah's directive is to maintain the momentum towards an Islamic Iranian society, reversing the heading westernisation which, though firmly established, aroused considerable discontent among the less privileged.

Although there have been no official statements on the subject of food and drink prohibitions, pig products have largely disappeared from hotel and restaurant menus since the revolution, three weeks ago. Alcohol also is virtually unobtainable.

Despite the present good position of meat stocks, the absence of frozen meat imports could within the next six months cause food shortages with considerable political repercussions for the new administration. Approximately 25 per cent of red meat requirements are imported, with suppliers barely keeping up with the growth in demand.

Mutiny setback for Amin in east Uganda

By John Worrall in Nairobi

PRESIDENT Idi Amin suffered another major blow yesterday when a mutiny broke out at the military barracks in Tororo, in East Uganda near the Kenya border. Tororo is a military centre and air force base.

Exiles in Nairobi said officers and men of the air and seaborne battalion at Tororo had joined the other mutineers and Uganda exiles now occupying an extensive area of territory in south Uganda. There had been heavy fighting in the town between the mutineers and men loyal to President Amin, but it is not known whether the mutineers had taken over the town, as was claimed.

The Nairobi exiles said officers at Tororo were urging Dr. Milton Obote, the former president to return to "lead his people."

AP writes from Nairobi: President Amin announced in Kampala yesterday that he was putting emergency reserves of police, prison officials and former servicemen into the fight against the rebels.

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Pope for Poland in June

WARSAW—Pope John Paul II will visit his native Poland in June on the first tour of a Communist country by a head of the Roman Catholic Church, the Polish Government announced yesterday.

An official statement said the visit from June 2 to 10 would deepen "the Church's collaboration with the Socialist state."

But in agreeing to the June date, the Pope compromised with the Polish authorities. He gave up the cherished hope of coming to Poland for celebrations marking the 900th anniversary of the death of Saint Stanislaw, Bishop of Krakow, which was ordered by Polish King Boleslaw the Bold.

The Government feared that the celebrations from May 6-13

could take on political significance by symbolising the conflict between church and state. But the Government has reconciled itself to a visit expected to draw huge crowds in overwhelmingly Catholic Poland and demonstrate the continued power of religion under the atheist Communist system.

Polish church officials were not available for comment, but former Catholic parliamentarian Stanislaw Stomma described the Pope visit as "a reasonable compromise, of psychological and political significance."

The Pope will tour Warsaw, Gniezno in Central Poland, site of Poland's first diocese in the 10th century, Czestochowa, centre of the Virgin Mary cult in Poland, and Krakow, Renter

Dutch choose W. German tank

BY CHARLES BATCHELOR IN AMSTERDAM

HOLLAND yesterday opted for a West German tank, the Leopard II, to replace its present ageing generation of British, German and French armoured.

The decision is a blow to the Chrysler Corporation of the U.S., whose XM-1 was the other contender.

The Dutch will place a Fl 2.4bn (\$1.2bn) order with

Krauss-Maffei of Munich for 445 of the German tanks to be delivered in 1982 to 1988, the Cabinet said. Nearly Fl 1bn of the value of the order will be carried out in Holland. A major reason for the choice was that the German tank is already fitted with a 120 mm cannon. The U.S. tank has a 105mm cannon and would have to be modified. This would delay delivery.

The Dutch order is relatively small, but Holland is the first NATO country to order replacements for its tanks now in use, and the decision is expected to influence a number of other NATO countries.

The Dutch tank fleet currently consists of the Leopard I, the British Centurion and the French AMX-13. The Dutch reputation for technical expertise and for driving a keen bargain could be an important influence on other NATO members who, with the exception of the UK and France, may well follow the lead set by

Holland, the Defence Ministry believes. The U.S. tank powered by turbines while the West German one has the more familiar diesel engine.

The order is a boost for European arms manufacturers although earlier Holland opted for a U.S. aircraft, the Lockheed Orion, instead of the French-built Breguet Atlantique to replace its marine reconnaissance fleet.

Jurek Martin adds from Washington: Mr. Clifford Alexander, the U.S. Army Secretary, yesterday publicly acknowledged engine design problems with the XM-1 tank and said that he was uncertain if the troubles were soluble. Mr. Alexander pointedly refused to endorse a position recently taken by the army staff that "none of the problems are programme stoppers." He said that it remained to be seen whether the whole programme would be jeopardised. He is clearly waiting for a special panel's report on the tank, due later this month.

Yemen ceasefire agreed

BY OUR FOREIGN STAFF

NORTH AND South Yemen have agreed to a ceasefire to come into force at 0600 GMT today in the war that has been going on for a week along their border, according to the Iraqi News Agency. The leaders of the two countries accepted the ceasefire after joint mediation by Syria and Iraq.

The leaders of both countries agreed to consider special arrangements for the withdrawal of troops from the border region at the emergency meeting of the Arab League in

Kuwait on Sunday.

Each side accused the other of starting the fighting. South Yemen said that its forces reacted to a North Yemeni attack but that a dissident North Yemeni group—the National Democratic Front—was responsible for the capture of several towns and of the occupation of areas of North Yemeni territory.

North Yemen said that three of its border towns were captured by regular South Yemeni forces.

Caracas delays oil price rise

CARACAS—Venezuela has decided to back off from applying a \$120 per barrel surcharge for its 1.2m barrel per day crude oil exports until April, when supply contracts come up for price revision, Kim Fuad writes.

President Carlos Andres Perez yesterday cited contractual obligations as the reason for delaying a move on prices, saying that "if we wanted to hike them for March we would have to violate contracts."

Venezuela sells about 65 per cent of its near 2m barrel per day exports of crude oil and refined products through two year supply contracts with major international oil companies that operated in Venezuela until the 1976 nationalisation of the industry. These contracts call for quarterly revision for prices of crude and monthly changes for refined products.

Objection to Namibia force

By Our UN Correspondent

THE South-West Africa People's Organisation (SWAPO) objected yesterday to the proposed inclusion of British communications technicians, West German medical personnel and Danish logistics men in the United Nations force that would maintain order in Namibia during its transition to independence.

At the same time, Romania informed Dr. Kurt Waldheim, the Secretary-General, of its reluctance to supply a contingent for the force. Dr. Waldheim was expected to turn instead to Yugoslavia.

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UK NEWS

HOW THE LOCAL PARTIES REACTED TO THE DEVOLUTION VOTING FIGURES

Scotland still arguing over close result

BY RAY PERMAN, SCOTTISH CORRESPONDENT

AFTER the close referendum result in Scotland, both sides in the devolution campaign were bitterly divided last night over what it meant.

Yes campaigners said the overall majority for devolution meant that the Government must still attempt to get the Scotland Act through Parliament. Those on the No side said the failure to satisfy the 40 per cent requirement meant that the proposal should be abandoned.

The two main parties on the Yes side will consider their next moves this weekend. The Scottish National Party's policy-making national council, meeting in Dundee today, is certain to call on the Government to attempt to push the Act through Parliament. It will instruct its 11 MPs to make the issue their top priority.

Mr. Donald Stewart, MP for the Western Isles and the party's Parliamentary leader, termed the 40 per cent rule an attempt to block devolution. Britain had always accepted a simple majority, even by only one vote.

Mrs. Margo MacDonald, senior vice-chairman, said that the party would insist that the Yes campaign had won and that the Government must abide by its election pledge and bring devolution to Scotland.

The Labour Party, split in the campaign, is likely to go through considerable internal debate before deciding its attitude.

The party's Scottish executive will meet tomorrow and next weekend's annual Scottish Conference in Perth will see the issue debated in public.

Mrs. Helen Adell, Labour's Scottish secretary, said that the Government should still try to get the Scotland Act through the Commons, although the party recognised that that would be difficult, with opposition from backbench Labour MPs.

Mr. Donald Dewar, MP for Glasgow Garscadden, and a strong supporter of devolution, said that he would not decide immediately. All MPs should think hard and consult their constituents before committing themselves.

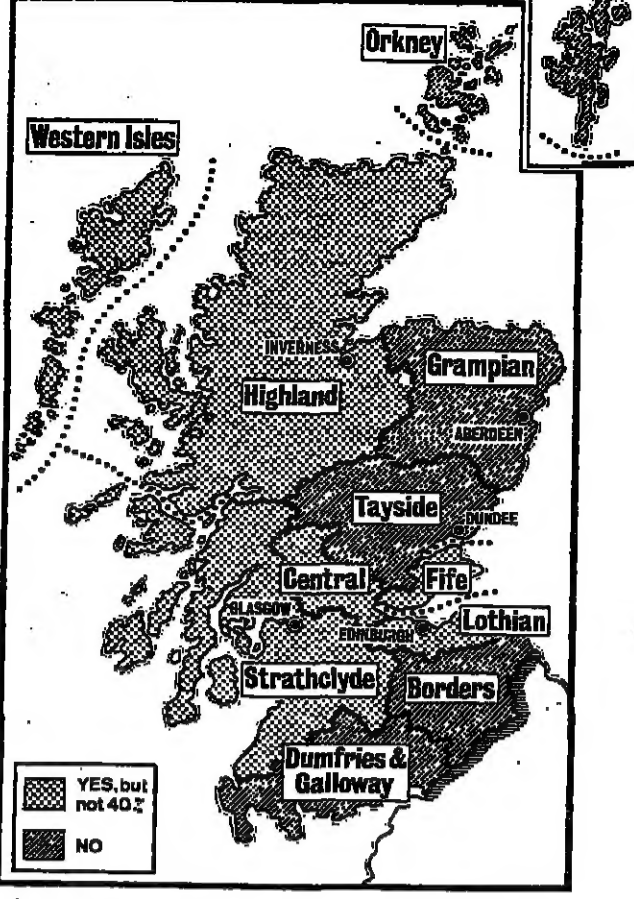
Labour opponents of devolution such as Mr. Tam Dalyell, MP for West Lothian, and Mr. Brian Wilson, chairman of the Labour Vote No Committee, will argue at the conference that the Scotland Act should be abandoned.

Mr. Teddy Taylor, Shadow Scottish spokesman and Conservative MP for Glasgow Cathcart, said the referendum showed that there was no mandate for such an important constitutional change.

Only one person in three in Scotland had supported the establishment of a Scottish assembly. The Government should drop the idea.

Mr. Alick Buchanan-Smith, Tory MP for North Angus and Mearns, who campaigned for devolution, said the vote should not be the end of attempts to change the way in which Scotland was governed.

SCOTLAND'S YES OR NO



Welsh Labour Party faces bitter inquest

BY ROBIN REEVES, WELSH CORRESPONDENT

THE GOVERNMENT'S devolution proposals for an elected assembly in Cardiff were rejected by nearly 47 per cent of the Welsh electorate in the St. David's Day referendum. In a low turnout of only 59 per cent less than 12 per cent voted in favour.

Only 243,048 voted for the assembly compared with 956,330 against—a ratio of nearly four to one against the Government's devolution proposals.

Not one of the eight Welsh counties voted in favour. Even the nationalist stronghold of Gwynedd in north-west Wales voted two to one against. In the Anglicised counties of Gwent and South Glamorgan, the vote was more than seven to one.

Although there was never much hope among campaigners for the assembly that they could reach the 40 per cent vote in favour, they had sought to win a bare majority. The extent of the Welsh electorate's rejection has surprised even the most experienced observers.

The result is a major setback for the Welsh nationalist cause, but it is an even bigger defeat for the Labour Party, which has dominated Welsh politics for the past 50 years.

The proposal for a Welsh assembly was a central plank of the Welsh Labour Party's platform, endorsed by party conferences over the past 13 years. Severe recriminations seem certain, particularly since the party's failure to rally its traditional supporters—half the Welsh electorate—will be attributed to the six Welsh Labour MPs who campaigned against the official party and Government line.

Mr. Leo Abse, MP for Pontypool, one of those who campaigned vigorously against devolution, said the result showed the leadership had been completely out of touch in promoting the assembly. Voters had identified the assembly wholly with the nationalists and Plaid Cymru was now "doomed."

Mr. John Morris, QC, Secretary of State for Wales, said the result was a very serious defeat for Government policy.

Mr. Gwynfor Evans, president of Plaid Cymru, blamed the outcome on a complete collapse in morale of grass-roots Labour activists. "It is likely this collapse could be repeated in an early general election," he added.

Mr. Cledwyn Hughes, MP for Anglesey and chairman of the Parliamentary Labour Party, said Labour campaigners for the assembly were very disappointed, but the result had not been unexpected. "It is easier to do a demolition job in a referendum, I seriously doubt whether a referendum is the best method of deciding a serious constitutional issue."

He was in no doubt that the devolution debate would continue in Wales. The problems the assembly was designed to solve, remained.

Mr. Nicholas Edwards, Opposition chief spokesman for Wales and leader of the Conservative campaign against devolution in Wales, also thought the dust should be allowed to settle. The Welsh electorate had decisively rejected separatism. In the longer term, he said some of the problems highlighted by the pro-assembly campaign, such as the lack of democratic control of nominated bodies, might be handled through a special select committee of the House of Commons.

Post Office and Bank study fiasco

By Christine Moir

THE POST OFFICE and the Bank of England are jointly to overhaul their working arrangements in the wake of the fiasco in the Bank when the two recent Government stocks were issued.

Several thousand applications were not received in the Bank until second post on the closing day and were excluded from the allotments.

Bank and Post Office officials have held a series of meetings this week over the postal delays, which led to a storm of complaints from applicants who thought they had posted in time for the new issue. The results of the talks have not been disclosed, as investigations are continuing, but there is a possibility that bottlenecks occurred both in the postal sorting system and at the Bank.

The episode at the Bank, which included scurrillages at the new issues counter at closing time, has been taken up by the Wilson Committee investigating the workings of the City.

Sir Harold Wilson said at a dinner in Merseyside last night that his committee had asked the Governor of the Bank of prepare a paper on whether there was a case for an alternative or supplementary system for issuing stock.

Tarling loses fight against extradition

BY TIM DICKSON

MR. RICHARD TARLING, former chairman of Haw Par Brothers International, part of the Slater Walker empire, has lost his two-year legal battle against extradition to Singapore.

Mr. Marilyn Rees, Home Secretary, has rejected his final appeal and "can see nothing to justify withholding his surrender to the Singapore authorities."

Mr. Tarling will now stand trial in Singapore on five relatively minor company law charges, relating to the 1972 and 1973 accounts of Haw Par. In the UK the charges would carry a maximum fine of £400, but in Singapore the maximum penalty is two years' imprisonment on each charge.

Mr. Tarling said last night: "There is now no other course open to me and I don't expect Mr. Rees will be walking on the road to Damascus. I am confident about the outcome of the trial."

Singapore police officers are expected to arrive in Britain soon and he could be handed over within 10 days.

Mr. Tarling has not yet found funds for loan-rescheduling. Bibby is understood to have loans of about £35m outstanding to British shipbuilders. The company said yesterday that the moratorium would avoid the need to sell ships on to-day's depressed market and thus avoid massive redundancies.

The preliminary agreement reached with Turnbull Scott is understood to cover four of the company's vessels. In both cases the companies have reached similar overseas debt deferment agreements.

Bibby Line lost £4.9m pre-tax in 1977, after a £5.3m profit in 1976. Although it had a positive cash flow of £4.1m, a £10.8m outflow on loan repayments meant that only a rescheduling of debt could avert a financial crisis.

London and Overseas Freighters is another applicant for Government help but Rendon Smith, one of the first companies to apply for aid under the scheme, has made alternative arrangements.

Moratorium declared on Bibby debts

BY PAUL TAYLOR

BIBBY LINE, the Liverpool-based bulk shipping company is the first company to take advantage of the Government's scheme of a three year moratorium on debts with UK shipyards.

Turnbull Scott Shipping is also understood to have reached agreement on a similar basis, although the company said yesterday that there was "still a lot of paperwork to do" which will delay final announcement of the details.

Moratorium offers have been made to a number of other shipping companies under the scheme announced by Mr. Edmund Dell, the then Trade Secretary, in May last year, but none have taken them up so far.

In order to qualify for Government assistance, shipping companies must prove that in spite of short-term liquidity problems caused by the shipping recession they become viable companies. They must also prove that they have been unable to find other sources of

Heath defends use of income policies

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. EDWARD HEATH, the Conservative former Prime Minister, defended use of incomes policies yesterday and criticised the "present fashionable emphasis" on control of money supply as a means of beating inflation.

At a conference of businessmen at the London Hilton Hotel, he returned to the themes he developed in his controversial Chelsea speech last year.

His criticism then of monetarism and support for incomes

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Net Interest Rate:	8.50%	9.00%	9.50%	
Guaranteed differential	<input type="checkbox"/> 2 years	<input type="checkbox"/> 3 years	<input type="checkbox"/> 4 years	
above ordinary share rate:		0.50%	1.00%	1.50%

Please forward my interest to: ☐ Bank Account ☐ Cheque to Home Address ☐ Ordinary Share Account ☐

*If bank, please complete: To Bank Ltd, at Account No.

Signature(s)

Mr/Mrs/Miss

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Please send me further details on investing in High Yield Shares ☐

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UK NEWS

Hopes boosted for big deal with China

BRITAIN'S hopes of securing major coal mining contracts with China have been boosted by Industry Secretary, Mr. Eric Varley's visit to Peking this week. This emerged yesterday when Mr. Varley toured the Datong coal field in north China where Britain is seeking two contracts for developing coal mines and establishing a coal laboratory.

BY JOHN ELLIOTT
travelling with the trade delegation headed by Mr. Eric Varley, Industry Secretary, from Datong, China.

He announced that a delegation of coal experts and financiers, led by the National Coal Board and S. G. Warburg, would visit China soon to discuss financing. They will also advise the Chinese on marketing their coal abroad.

It would appear that Mr. Varley's delegation, which includes Mr. John Mills, a member of the National Coal Board, has broken through the impasse surrounding the substantial contracts for consultancy and mining machinery. The value of the contracts would be well above the £100m of mining equipment deals landed by Britain in China last year.

Originally, the Chinese Ministry of Coal wanted to balance the cost of the new mines by selling 5m tons of coal a year to Britain in return for the contracts but it now seems that this hard line has been softened following the UK delegation's visit to Peking. China apparently accepts now that Britain will not import Chinese coal but instead will give advice on marketing coal around the world. The Chinese have apparently accepted too, that they would do better to control their coal exports themselves, rather than parcel them

out to other countries for possible resale.

Speaking in Datong after visiting the Silaogou coal mine, Mr. Varley said: "There is no question of Britain taking coal and they asked us instead for our advice and expertise in distributing the coal around the world and we shall give them that."

In the Silaogou mine, Mr. Varley saw equipment installed in 1974 by Dowty Mining, Dowty Meco, and Anderson and Strathclyde. The mine director said the British machinery worked well. The Datong field employs 7,700 miners and produces about 22m tons of coal a year, with reserves of 10bn tons.

The delegation to be sent from Britain will be made up of four groups. There will be a technical team from the National Coal Board and its consultant; marketing experts from Inter-Continental Fuels—part-owned by the NCB; mining equipment manufacturers, who also have a delegation in China this week; and the financial community, to be led by S. G. Warburg who, with Morgan Grenfell, Lazard and Rothschild, have assembled a possible credit arrangement to finance the mine.

Negotiations on the main economic co-operation agreement being sought by Mr. Varley's delegation are expected to be completed this week.

Lottery proposals condemned

PROPOSALS by the Royal Commission on Gambling to replace local instant lotteries with a national lottery system, have been condemned by the Association of Metropolitan Authorities.

A large majority of the association's 77 member authorities in London and the other metropolitan areas run lotteries and fear that a national lottery "for good causes" would kill off the local lottery system before it has been given a real chance to prove itself.

The association, whose views have been sent to the Home Office, argues that the commission's criticisms of local lotteries were unfair because municipal lotteries were in an experimental stage at the time.

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British Airways buys 19 Boeing 757s for £300m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT



Ashley Ashwood

BRITISH AIRWAYS signed a £300m contract with Boeing of the U.S. yesterday to buy 19 757 short-to-medium-range airliners powered by two of the Dash 535 version of the Rolls-Royce RB-211 engine.

The order, the first for the type, was signed by Sir Frank McFadden, British Airways chairman, and Mr. Tex Boulton, Boeing president, pictured above respectively left and right with a model of the aircraft.

The 757 is expected to make its first flight about the end of 1981 and enter service in summer 1983 on UK and European routes. It is intended to replace Trident 1s, which are to be retired progressively over the period to 1986.

British Airways initial order covers aircraft and spares. However, with purchases of seats,

galleys, navigation equipment, ground support equipment, hangars, a simulator and aircrew and ground staff training costs, the airline's total investment in the 757 fleet over the next few years is likely to approach £400m.

Sir Frank said that the choice had been made after an exhaustive examination of all other available aircraft.

The Boeing 757 was established beyond doubt as being the right aircraft for the job, he said.

"It is the right size, slotting in between the smaller Boeing 737s we are buying and the larger Lockheed TriStars we are already operating, and it has the right economics."

"It will have the lowest seat-mile cost of any short-haul airliner of comparable size and

performance on the routes for which we need it."

The 757 will seat up to 200 passengers in a high-density layout, but will normally carry 186, with 12 first-class seats.

The Rolls-Royce Dash 535 engines are developed from the RB-211s that power British Airways' TriStar fleet. Rolls-Royce share of the deal is expected to be worth about £100m.

Dash 535s will also power the 21 737s for which Eastern Air Lines of the U.S. is expected to sign a contract within a few days.

Much of the equipment for the British Airways aircraft, and for its ground support will also be placed with British companies, so that, including the engines, at least a third of the £400m is likely to be spent in the UK.

Benn's Times proposals 'mean State control'

BY MAX WILKINSON

A STRONG condemnation of Governmental interference with freedom of newspapers was made yesterday by Lord McGregor, chairman of the last Royal Commission on the Press.

He said trade union and international pressures could help formation of a "Ministry of Truth" whose practical purpose would be suppression and censorship.

Lord McGregor, professor of social institutions at London University, particularly condemned the proposal by Mr. Anthony Wedgwood Benn, the Energy Secretary, that Times Newspapers should be taken into control of the BBC.

Lord McGregor said the freedom of the Press was menaced on one hand by "industrial snarling" which prevailed in Fleet Street, and on the other hand by attempts of Communist and Third World countries to set up an international policing organisation for the world's Press.

These countries wanted to give new powers to the United Nations Educational, Scientific and Cultural Organisation to establish a "world information order." This was intended to overcome the "cultural imperialism" alleged to be exer-

cised by the developed nations. Many people expected that the UNESCO commission would shortly seek to justify government control of the Press and the content of broadcasting as a way of promoting "national identity," "cultural integrity" and "political cohesiveness" in developing countries.

Authoritarians believed that these aims were "weakened or even undermined by free criticism of governments," Lord McGregor said.

"I discern similar tendencies of thought at home."

NUJ blamed

In Britain the National Union of Journalists, he said, appeared to be mounting a campaign to destroy the Press Council, the joint body of Press representatives and outsiders established to uphold standards in the profession. In its place, he said, the NUJ appeared to be considering a statutory body.

The NUJ's ideas were similar to those advocated by Mr. Moss Evans, general secretary of the Transport and General Workers' Union, for a standing commission on the media, responsible to a Minister.

"Such thinking is dangerously prevalent among people who wish to liberate the Press from the thrall of capitalist owners."

"In reality they would hand over to a Ministry of Truth and tell us that we had been granted a new freedom."

A national body with powers over the freedom of the Press could be used to achieve the ends desired by Mr. Wedgwood Benn, including setting up of a national printing corporation, under Government influence, to print newspapers.

"Mr. Benn's desire to twin the BBC and the Times would reduce the number of independent sources of news and comment, and bring for the first time in this century in peacetime a national newspaper within the direct influence of the Government."

Lord McGregor was addressing the Leese Chamber of Commerce. He said that most politicians were dedicated in principle to a free Press, but they regarded the existing one as a conspiracy against them and their party.

Some politicians wanted to shackle and control the Press. But some, often shocking, irresponsibility had to be tolerated as the price of liberty.

The best safeguard for Press freedom was a strong determination by the Press itself to conform to the rulings of a strong Press Council, and thus prevent establishment of statutory controls.

End hereditary peers' Lords vote-Wilson

SIR HAROLD WILSON yesterday suggested that hereditary peers should be disqualified from voting in the House of Lords.

The former Prime Minister said that, instead, they should be allowed to stand for election in the Commons without giving up their titles.

But Sir Harold strongly opposed abolition of the Lords. He said: "With the torrent of legislation to which we have become accustomed since the war, under Governments of both parties, there is more need than ever for a revising chamber and—however inconvenient—this may be for any Government—for suggesting second thoughts to the Commons, not least when legislation is being carried through in a heated or crisis atmosphere."

Recent appointments to the Lords, Sir Harold said in the new Financial Weekly newspaper, emphasised the new role in which the chamber was providing itself capable. New peers had arrived between 1964-70 and 1974-76 bringing with them a lifetime's experience in management or trade unionism.

Labour MP dies in road accident

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. TOM SWAIN, Labour MP for North East Derbyshire, and one of the most colourful members of the Commons, was killed in a road accident yesterday.

Mr. Swain, 67, was driving his wife's car when he was in collision with a National Coal Board lorry near Staveley, Derbyshire.

He was dead on arrival at Chesterfield Royal Hospital. A veteran miners' MP, he had held the North East Derbyshire seat since 1959. His majority there in the October 1974 election was 10,237.

His death adds to Mr. Callaghan's difficulties in the Commons and means that Labour is now in an overall minority of 18 in the House. There are already two other by-elections outstanding. At Liverpool, Edgell, left vacant by the death of Sir Arthur Irvine, Labour has a majority of 6,171 and at Chipping Barnet, the seat held for many years by the late Mr. Reginald Maudling, the Conservative majority is 7,876.

Although North East Derbyshire is a traditionally safe Labour seat, the majority now

looks slightly more shaky in the light of the big Conservative gains at the by-elections in Clitheroe and Knutsford on Thursday. But it would need a swing of 10.1 per cent to unseat Labour in Mr. Swain's constituency.

A burly man who spent many years in the pits, Mr. Swain was one of the most popular figures in the Commons. During a period of unemployment, he once took up fairground boxing. A Left-winger, he fought with the International Brigade in Spain. His volatile temper often got him into trouble in the Commons. He was once accused of pulling the tie of Mr. Norman Tebbit, Conservative MP for Chingford, and of advancing on another Conservative MP "with arms flailing like a windmill."

When two gas bombs were hurled in the Commons in 1970, he dashed across the Chamber to trample them out and had to be taken to hospital, severely gassed.

Always proud of his mining origins, he once turned up in the Commons on Budget day wearing a miner's helmet and

Lord Peart 'to recommend big comparability rises'

BY PHILIP BASSETT, LABOUR STAFF

LORD PEART, the Lord Privy Seal, said yesterday he would recommend to the Cabinet that the agreed findings of a pay comparability study for 600,000 civil servants should be paid within the next 12 months. Unions estimate the study shows rises due averaging 26-36 per cent.

Union leaders regard the commitment as important, but the two unions taking selective strike action over pay, made it clear after the meeting with Lord Peart and senior Civil Service officials that it would not be enough to call off the action.

The move, and the comparability study promised to public service manual workers, will greatly strengthen claims by nurses and teachers for the restoration of their comparability studies dating back to 1974. On that basis, the nurses are seeking 15-25 per cent, and the teachers up to 36.5 per cent.

Lord Peart told Civil Service union leaders that he was prepared to commend to the Cabinet full implementation of the settlement due on April 1 next year.

He gave no timetable for the staging of the increases, though, because full evaluation of the reports of the Pay Research Unit

was not complete. He said the financial implications of the settlement were complicated, that details would be discussed with the unions next week.

The discussions had been helped by the "responsible attitude" of those unions which had not taken industrial action. He deplored action taken by the Civil and Public Services Association and the Society of Civil and Public Servants. "I must emphasise that the progress we are making is in spite of it not because of it."

In trying to give enough to isolate the two unions taking action, Lord Peart and the officials were careful not to commit the Government before the final PRU figures emerge, probably in the next two weeks, particularly because of the embarrassingly high rises of 45-50 per cent estimated to be due to some senior grades.

Strike continues

In the talks next week, union officials will still be looking for a commitment on the implementation of the new pay scales, as opposed to the increases, on April 1 this year, partly because of the effect on pensions but, more importantly, to secure the

increases in case there is a change of Government after the election.

Mr. Gerry Gillman, general secretary of the Society, welcomed the Government's readiness to negotiate as a helpful step forward. Strike action, however, would continue because the shape of staging was not resolved and no substantial offer had been made.

Mr. Alistair Graham, deputy general secretary of the CPSA, said there could be no question of his union's action being called off until there was a "complete package" to put to its executive.

The move, however, is likely to increase pressure among the more moderate members of the two unions for the action to be halted.

The general secretaries of the three other main Civil Service unions said important progress had been made and there was now a good basis for further negotiations.

Mr. Ross Harper, former president of the Glasgow Bar Association, said in a telegram to the Prime Minister that the strike action in the Scottish courts could lead to a breakdown of law and order if it were not called off.

GMWU accepts 9% offer

NINE out of ten General and Municipal Workers' Union regions have voted to accept the proposed settlement to the local authority manual workers dispute.

Mr. Charles Donnet, GMWU national industrial officer, said it was clear that the bulk of the membership recognised the importance of the comparability study by which their pay could be brought into proper relationship with national average earnings. The public sector workers are being offered nine per cent now and the first stage of the comparability award in August.

Results of voting on the offer in all the unions involved should be known next week and yesterday, an unofficial shop stewards' call for a 24-hour total ambulance strike received only limited support.

Printers' claim 'can be defended'

TIMES NEWSPAPERS can defend a claim by a Sunday Times printer for payment of average earnings and not a minimum rate during his period of notice, a High Court judge ruled yesterday.

At a private hearing, Mr. Justice Drake allowed an appeal by Times Newspapers against a High Court Master's decision of last week that they had no arguable defence to the claim.

Mr. Derek Robinson, a linotype operator, is backed by his union, the National Graphical Association. It has been estimated that if he wins, Times Newspaper could face a bill of about £200,000 in pay to other NGA members in the same position.

Bus drivers threaten national strike

BY NICK GARNETT, LABOUR STAFF

A NATIONAL one-day strike and further industrial action is being threatened by bus drivers and ancillary staff in all nationalised and public service bus operations.

Transport and General Workers' Union delegates representing drivers in the National Bus Company and related operations are seeking powers to call the strike following a decision by the Department of Transport not to support the union's claim for an independent inquiry into pay.

Senior national union officials expect the call to be repeated by shop stewards representing busmen in the municipal authorities, and that industrial action would also encompass the passenger transport executives. Such action would involve about 150,000 drivers, ticket collectors, and depot workers.

The nationalised bus companies, which were due to settle at the beginning of this month, have offered 6 per cent which the delegates yesterday formally rejected. The companies are prepared to discuss productivity, related to one-man buses, which could yield further payments.

The municipal authorities are offering a similar amount, in accordance with Government pay policy, and special provi-

sions for the low paid. They were due to settle in January. Transport workers' shop stewards in the municipal authorities meet on Tuesday.

The passenger transport executives negotiate independently but none have so far settled.

A delegation of bus employers on Monday. They are likely to will meet Government officials andphasise that they do not believe they can settle within the pay policy.

Mr. Larry Smith, the union's national passenger transport secretary, said yesterday that industrial action would be aimed at forcing the Government into agreeing on an independent inquiry. The bus companies have said they are prepared to co-operate with an inquiry providing it was sanctioned by the Government.

Mr. William Rodgers, Transport Secretary, has written to Mr. Smith, however, declining to support the busmen's case for some form of comparability study.

The busmen are seeking an inquiry which would compare their pay rates with other professional drivers, including lorry drivers who secured rises of 22 per cent earlier this year.

Triumph production stops

CAR ASSEMBLY work at BL's Triumph factory in Coventry stopped yesterday because of a strike over job mobility by 800 machinists.

More than 2,500 assembly workers at the plant are now laid off.

The machinists walked out on Monday when about 40 refused to move from the transmission

section to assembly work to boost production. They said the management had broken an agreement on manning levels and labour mobility.

Production workers at General Motors' AC Delco car components plant at Dunstable voted yesterday to end a week-old strike. They resume work on Monday.

Healey receives TUC Budget suggestions

BY ALAN PIKE, LABOUR CORRESPONDENT

TUC LEADERS presented their budget priorities to Mr. Denis Healey, the Chancellor, yesterday. They will follow up some of the main themes at a further Treasury meeting next week.

The TUC economic committee handed the Chancellor its 1979 economic review, which argues that the essential objective is for the Chancellor to commit himself to a 1979-80 growth rate of at least 3 per cent.

The TUC leaders urged further action to take low-paid workers out of the income tax net entirely. A theme of the economic review is that personal allowances remove the very poorest from taxation and that after last year's progress on a reduced rate band, the Chancellor should now "make a real increase in personal allowances."

The TUC team also returned to a familiar theme, import controls. Import penetration will be the subject of a discussion paper tabled by Mr. Healey when he meets the unions again next Friday.

Other papers are being prepared for the meeting by the Treasury on economic prospects on the basis of unchanged policies and EEC financial arrangements.

The economic review argues that temporary and selective import controls based on industrial policy objectives is not protectionist but is aimed at providing positive structural assistance to more rapid growth in the UK economy.

Improved child benefits, assistance for one-parent families, pensions, more help for the unemployed and more spending on health, education, and housing were emphasised as social priorities.

The team pointed out the central role of public expenditure in the economy and the trade union movement, and emphasised that the expenditure plans in the Government's 1978 White Paper were the minimum necessary to maintain growth and meet need.

The TUC wants improvements worth £128m in long-term supplementary benefits and a £20 bonus to old-age pensioners next Christmas that would cost £200m.

The economic review notes the importance of the proposed annual national economic assessment between the Government and both sides of industry and "attaches importance to the fact that all factors will be taken into account in the economic assessment."

There was no precise arithmetical relationship between, for example, getting price rises down to 5 per cent, the economy growing at 3 per cent, and a particular level of pay settlements.

In conclusion, the review recognises that there are "no

easy answers to the problems of inflation, technology and unemployment."

The Government and unions would continue discussions on work out in more detail the policies required to achieve an economy which will provide our people with high real incomes, jobs and leisure and a just society."

Hazel Duffy writes: The latest figures from the Confederation of British Industry's pay data bank show that there have been 888 pay settlements during the current wage round, covering nearly 2.5m people.

Of these, 45, covering 1.7m people, have been under private-sector national agreements, including some by wage councils, and some have used the low-pay exceptions permitted by the White Paper.

The remaining 944 settlements cover 720,000 people, nine-tenths, covering 455,000 people, have been for 10 per cent or less. Of the 84 per cent of settlements for 5 per cent or less, more than half also have a self-financing productivity deal attached to them, and the 26 per cent of settlements between 5 and 10 per cent include about a third with productivity deals.

The number of settlements concluded is well behind the number normally concluded by this stage of the wage round. Claims covering 5.9m people have been submitted, of which half also ask for a reduction in the working week.

Little evidence has arisen of pressure to re-open negotiations from those who settled earlier in the wage round.

THE WEEK IN THE MARKETS

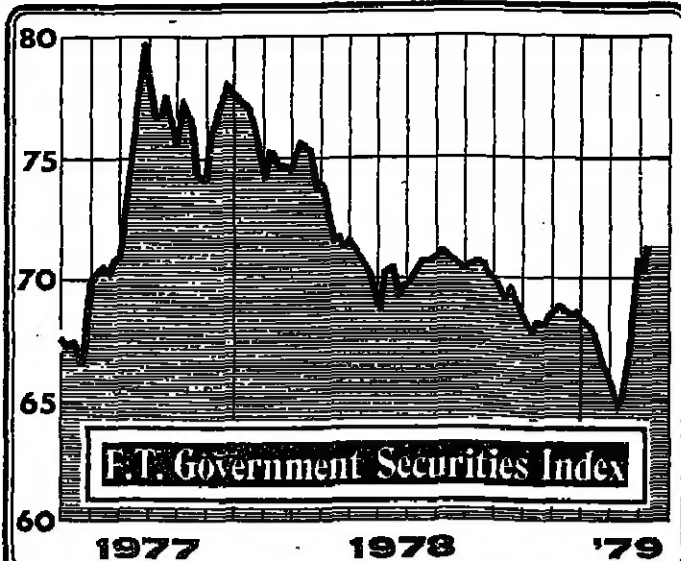
Gilts lead the way again

The gilt-edged market continued its hectic upward scramble at the beginning of the week, until on Wednesday, when some stocks had opened at above Monday's late levels, prices began to fall over as profit-taking set in. On Thursday, the Bank of England dropped Minimum Lending Rate a point to 13 per cent, leaving

it still some way above what the money market is discounting, and then lent money at this rate to the discount market for a week, in order to discourage the discount houses from pushing rates lower still in the short term. So the market is left wobbling about, swinging a point this way or that and back again in its search for a base level on which to trade until the Budget. Now that an exceptional interest rate rise has been reversed, the vital test for the market is likely to be the size and plausibility of

the final public borrowing plans for 1979-80. Another urgent question for gilts is just how hot the money inflows from abroad have been; this week has seen reports that the foreign buyers, who were the first into the gilt market at its lowest point, have also been the first to take profits. The excitement in gilt-edged to some extent rubbed off on equities at the beginning of the week as the reverse yield gap, unusually wide at the beginning of the month, began to close. Institutions seem to have been making some attempt to keep their portfolios balanced by committing new money to equities as well as to gilts; it has made a change to see-blue chip stocks, rather than second-liners, in particular demand. While gilt-edged ended the week in the traditional Friday afternoon attitude of anxious expectation, waiting for the announcement of new tax issues, equities were trying to push higher after the disappointing dividend news from two major companies on Thursday.

EMI scanned
Savage import penetration has forced Hoover to cut its total payment by around a fifth and EMI is threatening a final dividend cut as a result of serious problems in North America. The EMI Board made it clear at an institutional investors' meeting yesterday morning that it was not prepared to pay an uncovered dividend for a second year running. Management was reluctant to discuss what it might pay as a final but the group left serious doubts that the total would be maintained even on full cover. EMI, by extension, is clearly very uncertain of the medium term outlook.



leisure interests are achieving annual profits, before interest, of £40m but the market is now fully aware of how much fashion can dictate these operations. The announcement that Paul McCartney, a major profit earner for EMI in one form or another since 1962, has switched to the CBS label for North American copyright was another blow. The knowledge that U.S. artists have recently accounted for 84 per cent of the American popular record

Pooh's corner

ONE THURSDAY, actually it was last Thursday, Winnie the Pooh was walking down Wall Street humming a little hum Christopher Robin had taught him. "Tum tum tum tra la la la", he had a lot of stocks and shares and half a street in Buenos Aires.

Pooh did not want to own half a street anywhere but he thought owning stocks and shares might be fun. Many of the tall buildings around him had been built by people who had had fun owning shares and any day he remembered someone had told him shares make money. Now Pooh had never learned the secret of making money but Christopher Robin said his daddy knew a man who made money and he would tell him how to do it.

"With money," thought Pooh, "I can fill my shelf with honey." He stopped at a signpost which said "stocks and shares" and pointed to a door with the name New York Stock Exchange above it. As Pooh was stepping through, who should be walking out but Owl.

"Hello, Owl. I'm going to own stocks and shares and make a lot of honey." Owl shook his head gloomily. "Wouldn't do that if I were you. Leading economic indicators fell 1.2 per cent in January—third monthly drop in a row. Means recession. Should wait a bit if I was you, everybody's going to sell shares for a month or two because," he puffed out his chest,

NEW YORK

JOHN WYLES

fundamentals and once everybody has got used to the idea that rising oil prices are going to make inflation worse and once they are sure there is going to be a recession, then they'll stop selling stocks and you will be able to buy at the bottom of the market. Timing is all. Must go."

Pooh's head was spinning. Maybe Owl was right. Anyway, it was 11 o'clock, he was hungry and he still had a few pots of honey on his shelf. This business of buying shares was more difficult than catching a heffalump, he decided as he turned to leave. But suddenly Rabbit came bursting in. But it was a strange looking Rabbit with a tickle tape around his neck, wearing an odd blue uniform with thin stripes on it. "Hello Pooh, must rush," shouted Rabbit heartily. "I have to buy some shares for some pensioners. Mr. Begin's coming after all. Market was in the tank yesterday because everybody

thought he was being very rude to Mr. Carter." "So this is a good time to buy shares?" asked Pooh hopefully. "Oho yes," said Rabbit. "Strong as an ox, this market, but you must be careful what you buy." He drew Pooh into a corner. "Polaroid's the one," he whispered. "Polaroids," shouted Pooh. He thought Polaroids lived in the frozen north. A squeaky voice suddenly asked, "What is a Polaroid, Pooh?" and looking down Pooh saw that he had been joined by Piglet. "Just a minute," said Pooh picking up a pink newspaper. "It says here that Polaroid is a growth stock which shrunk this week because it only made 28 per cent more money in 1978 than in 1977." Pooh had a vision of 28 per cent more money, and it says that Polaroid shares once cost 98 times more than it earned in 1972 and now it only costs 10 times more than it earned last year. Come on Piglet."

So Pooh walked into the big noisy room and he bought some Polaroids and then he bought some Eastman Kodak because somebody said that was a good idea too. By the time he had finished he owned something called a portfolio which a man with a picture of galling bulls on his hat said was very promising. It included names he had never heard of and some he could not pronounce. Anheuser Busch, Eli Lilly, Hewlett Packard, Xerox, Teledyne Avon. "Silly old Bear," murmured Christopher Robin when Pooh had returned to the wood with his portfolio. But was he?

CLOSING INDICES

Monday	\$21.12	- 2.16
Tuesday	\$20.06	- 14.12
Wednesday	\$21.82	- 1.82
Thursday	\$15.84	+ 7.02
Friday	\$15.75	- 0.09

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1978/79	1978/79
	Today	on Week	High	Low
Ind. Ord. Index	484.6	+17.6	535.5	433.4
Govt. Sec. Index	71.40	+ 3.60	78.58	64.64
Gold Mines Index	169.3	-14.1	206.6	124.1
Alginat	290	-84	375	220
BOC Ind.	71	- 4	79	63
Brown (J.)	444	+40	481	217
Burton A	238	+30	238	99
Caledonian Hlgs.	148	+25	148	68
EMI	720	-16	190	118
English Property	61	+ 7	62	27
Glaxo	540	+50	648	458
Guthrie Corp.	500	+57	525	211
Imperial Group	92	+ 7	92	71
Lyles (S.)	85	+18	88	55
MFI Furniture	280	+46	280	54
NatWest Bank	342	+34	342	250
Pye	710	+16	714	76
Redman Heenan	76	+11	77	49
Royal Insurance	378	+31	425	325
Sunley (B.)	318	+35	318	170
Tricoville	106	+26	106	48

U.K. INDICES

	Mar. 2	Mar. 23	Mar. 26
Average week to			
FINANCIAL TIMES			
Govt. Secs.	70.03	66.65	65.17
Fixed Interest	70.12	67.23	66.02
Indust. Ord.	478.2	460.7	453.0
Gold Mines	175.4	181.0	176.4
Do (Ex 5 pm)	119.4	123.5	120.2
Deals mtd.	6,488	5,316	4,823

FT ACTUARIES

Capital Gds.	237.70	226.93	223.14
Consumer (Durable)	217.19	208.28	200.76
Cons. (Non-Durable)	221.65	209.53	205.13
Ind. Group	227.30	217.51	212.55
Ind. Share	255.71	245.36	240.24
Financial Gr.	182.46	171.89	167.34
All-Share	236.15	226.24	221.53
Red. Debs.	52.72	51.43	51.83

FINANCIAL TIMES

Govt. Secs. 70.03 66.65 65.17
Fixed Interest 70.12 67.23 66.02
Indust. Ord. 478.2 460.7 453.0
Gold Mines 175.4 181.0 176.4
Do (Ex 5 pm) 119.4 123.5 120.2
Deals mtd. 6,488 5,316 4,823

NatWest's promise

In common with Barclays the week before, National Westminster Bank came up with an uncommonly good set of figures last Tuesday. In a year when average interest rates were virtually unchanged NatWest managed to boost its pre-tax profits by 25 per cent to £297m. Like Barclays, NatWest is benefiting from a much lower bad debt charge reflecting its much improved lending experience. In previous years NatWest's profits had been unduly depressed because it had to make big provisions to cover its involvement in the property crisis of the mid-1970s. Prior to the property collapse, NatWest was the biggest bank in Britain.

Composites pleased

The three major composites, Accidental, Union, General Accident and Royal all had reason to feel pleased with last year's results. The CU and GA both turned substantial underwriting losses into small profits, the first time for a few years that these companies have broken even on underwriting. Royal nearly doubled the previous year's underwriting profit, recording a substantial increase in investment income which would have been larger had sterling remained weak.

COMPANY PROFILE HOOVER RAY MAUGHAM

"ABOUT four years ago," Hoover managing director Mr. Guy Lloyd was reflecting gloomily last week. "We were the thirtieth most profitable company in Europe on a return on sales basis." That status has entirely disappeared for Mr. Lloyd was surveying the wreckage of a year when profits, before exchange losses, slumped from £13.7m to £5.64m and in which margins crashed from a 1973 peak of more than 17 per cent to just 2.4 per cent. For shareholders, it was not the employees, the most subject expression of this decline in the decision to cut the dividend from 14.25p to 12p per share.

COMPANY PROFILE HOOVER RAY MAUGHAM

Perhaps because the Italians compete against Hoover in the important German and French export markets, the group is anxious not to lay dumping charge against Indesit and others. The accepted euphemism is "unfair pricing." UK regional director Mr. Peter Goode defines this "as an attempt to destroy a manufacturer's volume base which is his home market." Claiming 81 per cent of the British market for automatic washing machines (against 35 per cent), there is clearly some way to go before Hoover's home ground is knocked from under its feet. "In all fairness," Mr. Lloyd concedes, however, "we have to admit that the Italians are very

efficient producers." The determination to compete on the same terms forms one leg of Hoover's defensive strategy. In its apparent willingness to wear a hair shirt so publicly, the group looks to be attempting to convince its workforce, recently shorn of 535 jobs, that further redundancies may very well be needed this year.

Although some 2,000 tumble-dryers are manufactured at Merthyr each week and high growth is expected in this and the dishwasher market, Hoover has turned its back on any major new product launches. Over the past three years, the U.S. parent (which owns 55 per cent of the British group) has steadily gone back to a single product—the vacuum cleaner. Mr. Lloyd denies that the UK company has been forced to reflect the marketing stance adopted in Ohio but "there will be no major new products until we have shown we can recover margins on what we produce now. In my book, that seems logical."

UNIT TRUST AND INSURANCE OFFERS

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Brighter earning prospect for Australian metals

THE WARM wind of change that is blowing through base metal markets has been accompanied by further good results from the metal producers this week, notably those in Australia. Their current earnings should make even more interesting reading in line with the continued recovery in metal prices.

Among the latter, copper has now reached a best-ever U.S.\$1 per lb compared with the 1973 average of 62 cents. In part this reflects the fall in the value of the dollar because sterling copper prices are far short of the record of just under £1.40 per tonne reached in 1974. But it is nickel and tin that figure largely in this week's results.

Western Mining, which is one of the world's major producers of nickel, has reported earnings of A\$5.04m (£4.49m) in the six months to December 31 which compare with A\$5.33m a year ago. The improvement stems from a 47 per cent increase in sales but, because nickel prices remained depressed during the period, revenue rose by only 26 per cent.

MINING KENNETH MARSTON

In fact, there is a need for a powerful new Australian mining finance house in addition to Comind Rietveld, which has quite enough on its plate at the moment, and Broken Hill Proprietary which has to devote so much of its resources to the big business of steelmaking.

A possible candidate could be Consolidated Gold Fields 70 per cent-owned Consolidated Gold Fields Australia. First half profits announced this week have risen to A\$4.88m from A\$2.79m a year ago. The driving

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 8.3.79.

Terms (years)	3	4	5	6	7	8	9	10
Interest %	12 1/2	13	13	13 1/2	13 1/2	13 1/2	13 1/2	13 1/2

Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7825, Ext. 177). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for IGFC and FCI.

\$18 Startling predictions for Investors

- Gold will trade at over US\$300 per oz.
- Commodity prices will explode!
- The US will move into a recession - taking the rest of the world with it.
- Property market to fall.
- These are just four of 18 amazing profit making predictions, prepared by the World Money Analyst team. Full details and substantiated evidence are contained in their "Outlook for 1979" which was prepared on 18 December 1978. Many of their predictions are already coming true.
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WORLD MONEY ANALYST FT9

WESTERN MINING

EARNINGS

Year	1972/3	73/4	74/5	75/6	76/7	77/8	78/9
Earnings (\$ Million)	10	12	15	18	20	22	25

NICKEL SALES

Year	1972/3	73/4	74/5	75/6	76/7	77/8	78/9
Sales (000 tonnes)	10	12	15	18	20	22	25

DIVIDENDS

Year	1972/3	73/4	74/5	75/6	76/7	77/8	78/9
Dividends (\$ Million)	5	6	8	10	12	14	16

TARGET GILT FUND

This could be an ideal moment to invest in Britain's first gilt-edged unit trust.

Major advantages to the private investor:

- Investing in gilts calls for professional expertise, a willingness to pursue an active investment policy and an ability to deal in large volumes.
- These essential requirements are now available to the private investor through the Target Gilt Fund.
- Launched two years ago, this was the first authorised gilt-edged unit trust. It already has a proven record of success. The offer price has increased by over 32%.
- Out-performing the FT Actuaries Government Securities All-stocks Index by 18%, ignoring accumulated interest.
- At the present time, the prospects for capital gains in gilts look particularly auspicious.
- General interest rates are already at a very high level, and if these should fall, the prices of gilts will rise.
- Experienced investment advisers. King & Shaxson Fund Managers Ltd. is a subsidiary of the

Since it was launched in December 1976 Target Gilt Fund has out-performed the FT Actuaries Government Securities All-stocks Index by 18%.

London Discount House, King & Shaxson Ltd., who has been investing in the money markets for over 100 years.

Active investment policy.

With their experience they seek to maximise the capital return on the funds invested and are prepared to pursue an active investment policy in order to achieve this aim. Furthermore, the investment advisers will be prepared to hold part or all of the assets of the Fund in cash on deposit from time to time when, in their opinion, this is the best course of action.

Approved policy.

By laying emphasis on capital performance rather than income, the

the adverse effect of the charge to corporation tax on the income accruing to the Fund will be minimised. The success of this policy is illustrated by the Fund's performance.

The net income from the units will not be distributed but reinvested in the Fund so adding to the value of the units. The number of units will not change. The current estimated gross annual yield is £3.00 per cent.

Remember the price of units and the income from them can go down as well as up.

You should regard your investment as long term.

An offer to existing gilt holders.

If you already hold Government Securities individually valued at £250 or more, you can exchange them for units in the Target Gilt Fund on advantageous terms.

For details send a list of your holdings to: Target Trust Managers Limited, Garrard House, 31, Gresham Street, London EC2V 7DT. 01-600 7533.

Offer of units at 122.7p each until 9th March 1979.

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Registered in England No. 1475161 at Target House, Gresham Street, London EC2V 7DT.
I/we wish to ☐ in Target Gilt Fund at 122.7p per unit (minimum £200) and enclose a cheque made payable to Target Trust Managers Ltd.
I/we declare that I/we are not resident in the Scheduled Territories and I/we are not acquiring the units as the nominee of any person(s) resident outside these territories. This offer is not available to residents of the Republic of Ireland. This offer closes on 9th March 1979.
Signature(s) _____ Date _____
If there are joint applicants all must sign and attach names and addresses separately.
Name(s) in Full (Mr, Mrs, Miss) _____
Please write in block letters
Address _____
Please let me have details of Target Share Exchange Scheme ☐
Target Investment Scheme ☐ Target Monthly Savings Scheme ☐
Do you already hold Target Gilt Fund units? YES/NO ☐
Total Funds under management in the Target Group £125,000,000

YOUR SAVINGS AND INVESTMENTS 1

Giving away a house

BY OUR LEGAL STAFF

I was surprised to see under Giving away a house (January 27) that your scheme involves the creation of a trust for sale and the division of the equitable interest into shares which could then be assigned. My accountants have advised a scheme on your lines, except that they regarded a definite amount of £2,000 for my wife and myself to transfer as preferable to your suggested fraction of the value. Could you please explain why you gave the advice you did?

It is unfortunate that the consequence of a continuing dialogue in these columns can well be that an early stage in the process is missed. We have not proposed that a series of gifts of parts of or interests in a house be made otherwise than behind a trust for sale. We do not think that the want of such a trust is necessarily fatal, but it undoubtedly makes more difficult the argument that Section 44 (3) of the Finance Act 1975 does not catch the trans-

actions. Thus we are not in disagreement with your accountants, but do not ourselves advocate the direct form of gift which you mention. The object of the trust for sale is to facilitate the machinery of transfer when dealing with real property, and to enable the problem of fluctuating realty values to be tackled, as well as to minimise the impact of the "Associated operation" risk.

Residence and tax

From 1968 until August 15, 1977 I was non-resident in the UK and all income from my Treasury Stock was paid to me in full—without tax deduction. On June 15, 1977, while non-resident, I received £12,400 in full. As this amount was paid before August 15 it is correct to assume that no UK tax is payable? On September 8, 1977 I received £687.50—without deduction of tax. As this amount

is paid in arrears am I liable for only 1 month's UK tax—i.e. from August 15 to September 8.

The condition for exemption (in section 99 of the Income and Corporation Taxes Act 1970, and in the terms of issue of the particular stocks you have in mind) is that the beneficial owner be not ordinarily resident in the UK on the day on which the interest is payable.

On the assumption that you have been (or will be) regarded as ordinarily resident in the UK from August 15, 1977, you are therefore right about the June interest—but the September interest is taxable in full.

Damages for defamation

I am a member of the New York State Bar who in recent years has spent a considerable amount of time in London, but I am unfamiliar with English law. On Friday, December 29 last, with £37.50 in my clearing bank current account, and a standing order of £37.50 due to be paid on January 2, I went into my clearing bank branch and personally gave them written instructions to reduce the standing order to £12.50. On Saturday December 30, I then wrote a cheque for a party other than the party to whom the standing order was to be paid for £21.60. The bank then disregarded my written instructions, paid the £37.50 on the standing order, and subsequently dishonoured the cheque for £21.60—as I just learned yesterday on receiving my statement from London. What, please, are my rights? What damages, if any, would I

FINANCE AND THE FAMILY

be entitled to? For example, would I be entitled to damages for the very genuine mental distress this is causing me?

On the footing that your account had sufficient funds to meet the amended (reduced) standing order and the third party cheque, your bank was not in order in refusing to meet the cheque. Your remedy is in damages for defamation, the quantum of which is difficult to estimate in the absence of full information as to the effect of the dishonouring of the cheque. The effect might be considerable or might be of no very great consequence, although in the case of a practising lawyer it might well be taken to be serious by reason of that fact alone. You should write a letter before action to the bank asking for their proposals to meet your claim in damages; and see if any suitable offer is made. Otherwise you should consult an English solicitor. We are very doubtful of the prospect of successfully claiming for mental distress in these circumstances, although the claim for damage to your reputation is of a similar, and allowable, character.

Liability for a tree

A tree on the boundary between my neighbour and myself had, with my agreement, a preservation order put on it by the local authority some three years ago. My neighbour recently called in a tree surgeon who considers it to be unsafe. Could you please tell me the cost of felling the tree be borne by the local authority, or my neighbour

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

and me? If the tree should cause damage, would me and my neighbour's insurance cover be invalid, because we have been told the tree is dying? Do you consider my neighbour and I are jointly liable?

The cost of felling the tree would fall on its owners, that is yourself and your neighbour, not on the local authority. It is possible that your insurance cover may be vitiated if you fail to take proper steps to avoid damage once you know of the dangerous condition of the tree. The same would apply to your neighbour's insurance—in each case assuming that the insurance policy covers damage of this kind. We agree that the logic of the situation favours joint liability.

No permission for lamp-post

I recently bought a new house on a small building development, the roads being unadopted. On returning home one evening I found that, without my being consulted in any way, a lamp-post had been erected next to my boundary wall, apparently on instructions from the County Council. Could you tell me what is my legal position? The lamp might constitute a trespass to your land, but it is likely that the roads on the estate are subject to an agreement under Section 40 of the Highways Act, 1959, in which case they are to be made up to adoption standard and fall to be treated as if they are highways. However, you might have a claim against the County Council for compensation under the Land Compensation Act, 1973, so that you could ask them either to move the lamp or else to pay compensation.

Volatile currency movements have played havoc with many international loans. After 18 years, experts are still trying to untangle the effect of currencies on the 1930 Young loan, writes Nicholas Colchester

Old and curious Young loan

A STRANGE TRIBUNAL, involving most of the major Western Governments, will convene in Bonn on Monday. Over the next three weeks it will seek the answer to a riddle. Which among these countries has the currency which has depreciated least, yet not appreciated, within a frame of reference which no longer exists?

It is a tough one, and upon the answer depends the repayment, next year, of the Young Loan of \$500m extended to Germany in 1930. In contrast to all those Chinese, Russian, and Bulgarian bonds beloved of interior decorators, here is a historic claim on one of the richest countries in the world. A number of alert investors will thus be in attendance.

After the First World War the victorious powers sent Germany a bill of \$33bn. The notion that Germany could pay this vast amount lasted about a year. It evaporated over the next decade while Germany's hopeless condition was propped up with a number of loans, the most significant of which were the Dawes Loan of 1924 and the Young Loan of 1930. The Young Loan consisted of nine tranches in nine different currencies including the Reichsmark. The repayment of this 51 per cent loan was pegged to the amount of gold purchased by the nominal amount of each currency at the time of issue.

After the last war, in 1953, the Governments of the countries involved in this loan came together in the London Debt Agreement and redefined the basis on which the loan should be repaid. The gold link was dropped. Instead, the U.S. dollar was adopted as the continuity factor between 1930 and 1952.

If the dollar had also been adopted as the basis of repayment until redemption in 1980

there would be no argument today. But the agreement contained the following cryptic proviso: "Should the rates of exchange of any of the currencies of issue on August 1, 1952, after thereafter by 5 per cent or more, the instalments due after that date, while still being made in the currency of issue, shall be calculated on the basis of the least depreciated currency (in relation to the rate of exchange current on August 1, 1952) reconverted into the currency of issue at the rate of exchange current when the payment in question becomes due."

Till 1961 the proviso remained inoperative but in that year the D-Mark was revalued and this immediately provoked claims that the basis for repayment should now switch to this, the "least depreciated currency". The German counterclaim was that, with IMF parities linking all currencies to the dollar and ultimately to gold, it was clear that the D-Mark had APPRECIATED and was thus ineligible as the new basis for payment. Believe it or not, it is to solve this 18-year-old argument that the arbitral tribunal will sit on Monday.

In the meantime the situation has become even more confused. In 1971 the IMF parities lost touch with gold and subsequently lost touch with real exchange rates until, in 1978, they ceased to exist altogether. While they lasted Germany insisted on using these official rates for repayments (as had been laid down in the 1953 Treaty). Moreover it specified the Belgian franc as the "least depreciated currency" because its official rate had not moved against the dollar since 1952.

Following the disappearance of official parities Germany has continued to regard the Belgian franc as the appropriate basis for the repayment. This implies

a repayment today of £413 for every £100 worth of bonds in 1930—right in line with the current quotation on the London stock exchange. Bank Leumi and Rothschild disavow, however, and have bought substantial amounts of the bonds on the strength of their convictions. They feel that the concept of "least depreciated" must apply to gold since gold lay behind the IMF parities and was the only universal yardstick against which currencies could be measured. This leaves the Swiss franc as the "least depreciated currency"—yielding a current repayment for the sterling bonds of £816 per £100 nominal.

During the past week government officials from the U.S., France, Belgium, Switzerland, and the UK have been putting their heads together to decide what line they should pursue. Since governments forced the 1953 agreement, it is governments which must now represent the interests of bondholders.

The Bank of England will be in Bonn as an observer—in the curious position of a British government agency and paying agent for the defendant, Germany. The Bank for International Settlements will be another observer. It is Trustees for the Young loan and has complained at the German formula for repayments, but because it was not party to the 1953 London Agreement it can only watch, wait, and lobby with the other hopeful investors.

The Tribunal is headed by a Finnish jurist and draws its members from the chief countries involved in the Young Loan. It first sat in 1961 and has yet to resolve the problems dating from that time. Whether in three weeks it can now move beyond them to digest the collapse of the Bretton Woods system remains open to doubt.

Alliance alternative

TERM SHARES

EDMOND FINGLETON

whom the tax-free status of the bonuses is particularly important) but with basic rate taxpayers, the facility for early cash-in is clearly appreciated.

It would be no surprise if the Alliance's move was followed soon by other members of the association—though competitors will find the Alliance's bonuses hard to beat.

The trend towards escalators was started in January by the Britannia, which is offering a similar bond with somewhat lower bonuses. The Britannia's arrangements for early withdrawal are also less attractive: you have only one opportunity each year to get out—on the bond's anniversary.

The Britannia, however, accepts as little as £500 compared to a minimum of £1,000 at the Alliance.

With the 18th issue of National Savings Certificates, you have the advantage that the interest rate, which works out at 8.45 per cent (tax-free over full five-year term), is guaranteed not to change. And you can get your money out at any time on a few days' notice. But the maximum investment is only £1,500. And if the basic building society savers' rate averages much more than 7 per cent over the next five years, the return to a basic rate taxpayer will be less than for Alliance investors.

ALL THE FIVES: HOW YOUR MONEY GROWS

The returns you can get on five-year investments where you retain the right to withdraw your money early.

Both the Alliance and Britannia pay the interest each year you do not get the returns on National Savings Certificates until you cash in.

	Alliance escalator*	Britannia escalator†	Savings Certificate‡
1st year	8.5	8.25	5
2nd year	8.75	8.75	7.14
3rd year	9.25	9.25	8.8
4th year	10.0	9.75	10.29
5th year	11.0	10.25	11.1

* The rate, which is free of tax in the hands of a basic rate taxpayer, assumes the main building society savers' rate will remain at its current 8 per cent. If the main rate falls, a cut of the same size will be made in the escalator rates.

† Tax free.

BEST ANNUITY RATES

Gross yearly payments for an investment of £10,000. Figures are shown net of 10% tax. See Money Management magazine by Thursday.

45-YEAR-OLD MEN:

Equitable Life	1,737
Eagle Star	1,725
English	1,725
Scottish Life	1,725
Life Association of Scotland	1,712
RNPFM*	1,712
Sun Alliance	1,712
Crusader	1,709
Scottish Provident	1,706
Avon	1,698

65-YEAR-OLD WOMEN:

Equitable Life	1,597
Eagle Star	1,587
Sun Alliance	1,584
Life Association of Scotland	1,577
Crusader	1,573
Prudential	1,569
RNPFM*	1,562
English	1,561
Schroder	1,558
Avon	1,557

* For surpluses only.

issued this week the Revenue says that tax relief on premiums on life policies cannot be granted to children of "tender years," since they would not fully understand what they are doing.

This blocks clever schemes planned by general insurance brokers in which children's lives could be insured. Under new tax arrangements the premiums would qualify for tax relief even though the child concerned paid no tax. Then

the parent, or more usefully the grandparent, would give the children the money to pay the premiums. If the gifts were within the Capital Transfer Tax exemption limits there would be no tax on them. Now relief will not apply, even if a child under 12 is paying out of his own income. Neither will tax relief apply once the child reaches the age of 12. But there are some transitional benefits. First, policies taken out before last Thursday are not affected. Very few life companies, however, have yet issued life policies on lives below age 12: they were waiting till April 6 before making the change. But all is not completely lost, for the life companies if they act promptly. The Revenue is allowing a transitional period up to September 1, 1979, for policies taken out before that date, the tax relief may be granted once the child reaches age 12. Investors willing to make gifts to children will have to continue to use the existing method of taking out a policy on their own life, in trust for the child. This is effective in getting around CTT, but can be expensive for elderly grandparents. There is, however, an improvement in these schemes as a result of the tax changeover. The exemption limit of £2,000 for CTT purposes will now apply to the net premium, so the investor is effectively gifting £2,424 a year.

Crunch claims

CURRENTLY THERE are more damaged cars and vehicles in daily use than is usual in this country—unless my observation both in the City and outer Surrey is not typical of the rest of Britain. Last Saturday morning in a shoppers' car park, on a quick count, around one in ten cars had bent wings, dented doors, twisted bumper bars.

The reason is not that the average citizen loves his car any the less, but that the joint effects of abnormal winter weather and the road transport strike have combined to create long queues for repairs. All

over the country there have been many more accidents than usual, which would have put pressure on the motor repair industry in any event, while repairs have been unable quickly to get their hands on all the spares they need.

When a car is still safely driveable, and its damage does not make its use an offence under the Construction and Use Regulations, and when the owner can ill afford to do without it whether for family or business reasons, there is of course every incentive to go on using the car in its damaged condition until repairs can do the work. But there are both practical and consequential legal problems—for example, the damaged car may further deteriorate, so that the eventual repair bill is greater than it would have been had the work been put in hand straightaway.

How does the motorist then stand, vis a vis his own insurers

INSURANCE

JOHN PHILIP

under his "comprehensive" policy—can he recover the extra cost of further repair? Or, if he is not insured for damage, but has a claim against another motorist, and therefore the latter's insurers, can he include this extra repair cost?

Taking the "comprehensive" policyholder first: he enjoys "all risks" cover subject to specified exclusions and particular conditions, so that unless insurers can point to a clause restricting their liability, his claim is good, even for damage aggravated by enforced temporary non-repair.

In the "own-damage" section of most "comprehensive" policies insurers exclude various kinds of consequential loss—

particularly loss of use, but also depreciation; in less consumer minded times it might have occurred to a few nimble witted claims clerks to argue that the word depreciation is apt to exclude aggravated damage, but not nowadays. There are of course almost as many differently worded consequential loss exclusion clauses as there are motor insurers, but I do not know of one that excludes such aggravated damage.

Turning to conditions, almost without exception motor policies have what insurers call a reasonable care condition; and many have also a roadworthy condition. The reasonable care condition speaks for itself—the policyholder has to do no more than is reasonable; so if he has to join a queue at any local motor repairers, and in fact gets his repair done as soon as practicable, he cannot be in breach of this condition. The

roadworthy condition is usually more preemptory—the policyholder must keep his car in roadworthy condition.

The "non-comprehensive" motorist, claiming for the cost of damage repairs from another motorist's insurers, is not concerned with restrictive policy exclusions or conditions, but with the rules of law dealing with what lawyers call "remoteness of damage": as a general rule the wrongdoer is liable to pay for all damage which is reasonably foreseeable at the time of his act or omission—and I have no doubt that the courts, if asked, would say that, in recently prevailing conditions, it was so foreseeable that many a damaged car would have to continue to be used with some aggravation of damage, and that the original wrongdoer normally would have to pay.

I say "normally" because there is another legal rule which says that when the chain of causation is broken by a new act, then the original wrongdoer ceases to be liable. Remember the Construction and Use Regulations: arguably use in contravention of the regulations is a new act, breaking the chain of causation. Or, to put it another way, the original wrongdoer is entitled to say that he cannot reasonably be expected to foresee that his victim will subsequently aggravate his loss by a criminal act, and so is not responsible for the extra cost of repair that results.

The nearest most of the major building societies come to the Alliance's deal is a four-year term share where you now get 14 per cent over the ruling basic building society savers' rate.

The Building Societies' Association requires all its major members to be in line on savings interest rates for terms up to four years—so the Alliance's bond is outside the association's "guidelines" because of its five-year term.

Judging by the success of Savings Certificates with not only high rate taxpayers (for

Building Society Investors

Up to 13.8% p.a. net over four years

Equivalent to 20.7% gross if you pay tax at 33%

can be obtained from a regular investment into a Building Society Linked Plan. For higher rate taxpayers, the yields are also quite exceptional: e.g. 13.1% net can be obtained by 50% taxpayers who wish to invest up to £25,000 gross.

* Dependent on age. Not available to persons over 65.

R. J. Temple & Co., Taxation Management Consultants, Grand Offices, Stratford House, 27 Grand Parade, Brighton BN2 2BS. Telephone (0273) 604922 or 651988. Please send full details of this investment Plan by return.

Name _____ Address _____ Tel. _____ Date of Birth _____

Highest Tax Rate _____ Do you pay Investment Income Surcharge YES/NO 10%/15% I have available to invest _____ monthly/annually £ _____

... STOP PRESS ... STOP PRESS ... STOP PRESS ...

11.1%

PER ANNUM - TAX FREE

GUARANTEED FOR 5 YEARS CERTAIN
EVEN IF INTEREST RATES FALL!

This is equivalent to a gross COMPOUND rate of 16.57% per annum to basic rate tax payers or a guaranteed capital gain of almost 70% over the period.

The Langham 5 Year Guaranteed Growth Bond
Now you can invest as little as £1,000 or as much as £50,000 in a Langham 5 Year Guaranteed Growth Bond and be guaranteed 11.1% per annum compound growth on your investment over 5 years.

THIS IS NOT JUST AN INCOME BOND
It is a Guaranteed Growth Bond with the income automatically reinvested for you by the Company ensuring full compound growth at the declared rate of 11.1%. So for example, you invest £2,000 and receive a guaranteed maturity value of £3,384 at the end of 5 years.

TAX ADVANTAGES TOO
If you are a basic rate tax payer you will receive your maturity value completely tax free. If you pay higher rate tax you will be able to pay some tax on the growth of your investment. Full details are available on request.

ALSO PROTECTION FOR YOUR DEPENDANTS
If a bondholder dies before the end of 5 years then his dependants would receive the amount of the original investment plus 11.1% compound growth per annum from inception to the time of death.

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Langham Life is a member of the Life Offices' Association.

HOW TO APPLY

If you are over 18 years of age, simply fill in the coupon and attach your cheque for the amount you wish to invest. Your bond document will be sent to you as soon as possible.

THIS IS A STRICTLY LIMITED OFFER AND WILL BE WITHDRAWN WHEN THE ALLOCATION IS FULLY SUBSCRIBED. APPLY NOW TO AVOID DISAPPOINTMENT.

To: LANGHAM LIFE ASSURANCE CO. LTD.
FREEPOST, NW4 1YB.

I wish to invest £ _____ in a Langham 5 Year Guaranteed Growth Bond.

SURNAME (Mr, Mrs, M/s) _____

FIRST NAMES _____

ADDRESS _____

DATE OF BIRTH _____

Signed: _____

Date: _____

FT2

هكذا من الأصل

YOUR SAVINGS AND INVESTMENTS 2

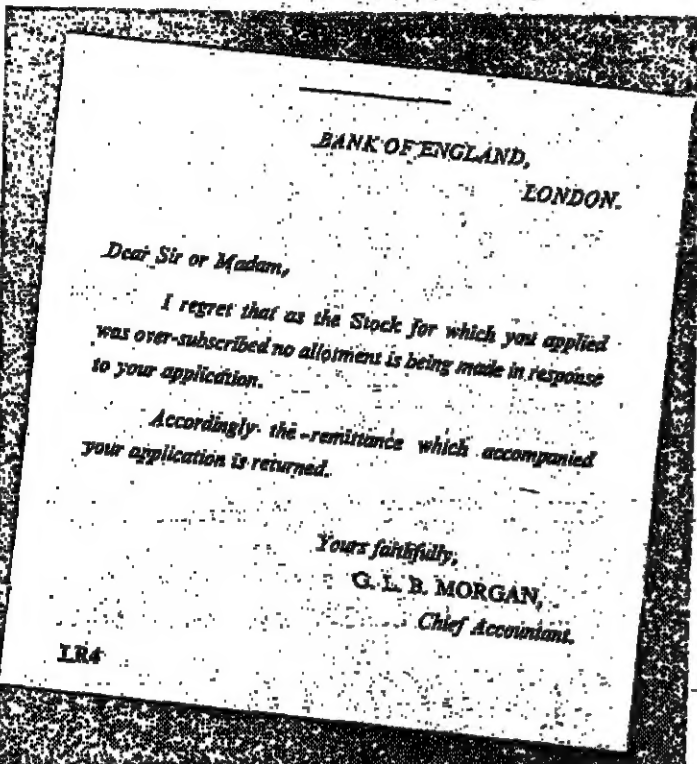
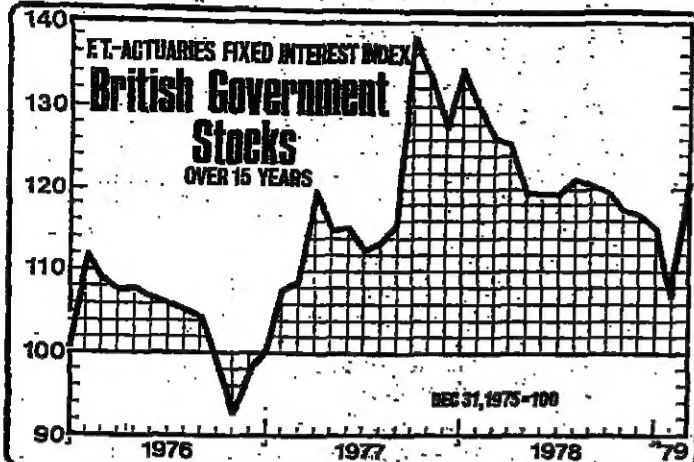
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7

After the stampede, gilts are now looking uneasy, writes Martin Taylor. The post may be to blame if you failed in the gilts ballots, writes Christine Moir

North Sea bubble

SOME PEOPLE not working within earshot of Bow Bells may quite justifiably be puzzled by the behaviour of the British Government gilt market, which has been carrying on as if North Sea oil had just been found. Manic depressive changes of sentiment are one thing, but when a state bond opens the day 24 higher at £251, as the partly-paid Treasury 13½ per cent 2000/03 did on Wednesday, for all the world like a property share — then the price instability becomes deeply disturbing.



But not all the overseas institutions turned twice shy about gilts. Yields of 14½ per cent cannot look unattractive to a foreign investor unless he believes that the currency in which the stock is denominated — in this case, sterling — is about to fall sharply against his own.

But the outlook for sterling is rather good at the moment, given Britain's relative lack of exposure to higher oil import costs.

Persistent nibbling at gilts — and it was probably no more than nibbling — by foreign investors served to convince some fund managers, who had very large sums of money set aside to put into the market when it stopped going down, that they, too, should be buying a little. The buying snowballed, and the effect on prices of the very heavy demand that resulted was made more extreme by the absence of any tap stocks: once the two new issues brought out last week were over-subscribed, the Government Broker had nothing to sell to hold prices down.

If you managed to get through the Bank of England's obstacle course to buy the new stocks you will be feeling pretty smug. But the strength of sterling and the mad rush to buy gilts should not be the occasion for general rejoicing. For the gilt-edged market, in its ghastly way, is looking forward to a depressed economy: an economy in which company profits will be falling, more people will be out of work, and lack of new investment by the company sector will mean less competition to borrow funds, lower interest rates, and higher prices for fixed interest stock. Foreign demand for sterling, if the currency really is seen as a refuge from the problems caused by oil shortages, will make our manufacturing industry less competitive internationally.

After steaming up for 13 days in a row the market is now trying to settle down, although "settling down" involves violent gyrations as profits are taken and new buyers come in. If you take the view that interest rates are heading lower this year and that the Budget will be as severe as the gilt-edged market is anticipating, then gilts are still good value. But the events of the last month should be a powerful reminder of just how volatile this market is: tread warily, and carry a barge-pole.



The old lady's slip

THE SIXTY or so City gentlemen who were locked out by the Bank of England when it closed the counters for the £1.3bn gilts stocks on Thursday of last week were purple with indignation. But at least they knew they had failed to get their applications in and were able to take some remedial action by dashing into the market at opening time on Friday.

Postal applicants were not so lucky. Letters of complaint have been streaming into the Bank from investors who posted their applications well in time.

In fact, their applications were delayed in the post and arrived too late for the Bank's deadline of the first post on Thursday morning.

Now, because of the increasing unreliability of the post, a question mark hangs over the whole system of postal applications. The schedule for launching a new gilt issue has to be tight, and it leaves only 48 hours after publication of the prospectus for investors to deliver

their applications. Technical factors seem to preclude the Bank from allowing more time between publication of the prospectus and the deadline for delivered applications — so the only way investors can be sure of getting their applications in on time, it seems, is to deliver them personally.

The unfortunate way the Bank handled applications that missed that deadline compounded the anger of many disappointed investors. On Friday morning the newspapers announced that all successful applicants received something in the allotment and small investors got their applications in full: but many got a rude shock in the next post.

Their cheques and forms were returned with a curt note (see left) from the Bank's chief accountant which said: "As the stock for which you applied was over-subscribed no allotment is being made in response to your application."

The Bank now admits that the wording on this pre-printed slip

was unfortunate. It did not explain that the applications had not, in fact, been accepted and it certainly did not explain that the reason was because they arrived in the "very heavy second post" at the Bank on Thursday.

To give the Bank its due the staff were inundated with the unprecedented heavy demand for the two issues.

In the midst of this maelstrom the Bank decided that its top priority was to let unsuccessful applicants know that they had received nothing. This was done late on Thursday night by slipping the standard letter into the envelopes.

Although the Bank's prospectus merely says that applications should be sent to the London office, it has in the past also accepted applications at its branches.

The facilities at these branches are not well publicised and could be withdrawn if large numbers start using them. In any case many investors find it more convenient to clip application forms from the newspapers on the Tuesday morning and send them in by post.

But as the Bank of England's postbox now reveals, letters posted even at 8 am on Tuesday morning cannot be guaranteed to arrive in time for the first post on Thursday.

The answer seems obvious: the Bank must allow more time for postal applications to vend their way round the country.

Unfortunately, the obvious answer is fraught with headaches for the bank. New issues of gilt stocks follow a standard procedure. An announcement is made on the Friday; the weekend is spent printing the prospectuses and application forms and distributing them to the stock exchange and branches. Notices have to be arranged for publication in Tuesday's newspapers. The issue then closes on Thursday morning — so that allotments can be sent out in time for a full day's market dealing before the weekend.

With conditions and emotions in the market so volatile, the Bank is chary of extending the period between making its announcement — which fixes the level of interest being offered — and the closing date for applications.

At the other end it believes that the market wants and needs to start dealing virtually immediately. If dealing could not start until after the week-end international market forces could run counter to the climate prevailing at closing time.

Quarter measure

IF YOU are planning to invest your money with Vanbrugh Life, take a look at the company's new charge structure announced this week.

Not only has the company lifted the annual fee from 4 per cent to 4½ per cent on new bonds and regular premium plans, it has reserved the right to increase that charge at any time in the future as conditions warrant.

Vanbrugh, which as part of the Prudential must be one of the bluest chips in the linked life business, has held its annual fee steady for four years — so this week's increase simply brings it into line with the rest of the linked life market. But no other major linked life company has yet written the option of increasing its charges into policies.

Vanbrugh's general manager, Rupert Sutton, thinks that now the lead has been given others will follow. There are two ways of looking at this move. Vanbrugh has to pay its way in inflationary conditions and provide the investor with the best possible investment performance and administration. The investor gets what he pays for.

BONDS

ERIC SHORT

On the other hand, this could be the thin edge of the wedge.

With Vanbrugh, one can assume that this power will be used responsibly. Vanbrugh's announcement said that the new level of charges takes account of reasonable expectations of inflation and the company does not foresee the need to use this provision in the near future.

Life companies, unlike unit trusts, do not need the approval of the Department of Trade to put up their charges. With traditional life business the expenses over and above those allowed for in the premiums are a first charge on investment income anyway. One wonders, however, whether using the criteria of the Price Commission on the recent abortive application for increases by the unit trust industry, such an increase as this made by Vanbrugh would have been allowed.

One-way valve

THOUSANDS OF savers last week were caught in the flak of a union fight for higher pay.

The decision by civil servants to pull out the plugs at the National Savings Department's computer nerve centre in Lytham St. Anne's has the immediate result that until further notice savers can still pay in contributions but in most cases they cannot get a penny out.

Strikes of course often hurt the hapless bystander but on this occasion it is clear that those inconvenienced should be compensated.

The Department, for example, receives on average £2,000 applications each month for repayment of Savings Certificates. These will now have to wait. Certificates, of course, can be brought out at any time so anniversaries (and hence encashment dates) depend on individual cases.

British Savings Bonds, on the other hand, are always issued with two specific dates for interest payments. Coming up soon (on March 15) is a half yearly dividend on the 8½ per cent second conversion issue. Most holders will face delays but if the interest is normally credited to a bank or National

SAVINGS

TIM DICKSON

Savings Bank account, you will be paid.

The strike does not stop Ernie (technically a "random numerator," not a computer) carrying out the usual weekly and monthly premium bond draws. Because they cannot be processed, however, no one will know the results until the action is lifted. Similar disruption will affect all SAYE contracts and gilts on the National Savings stock register.

Normal increments (like the four monthly credits to savings certificates) will, of course, continue to be credited.

But a great deal of money which might otherwise be used to good effect elsewhere will be sitting around earning no interest.

As yet, the Department has not decided if compensation in the form of interest is planned. However, assuming the computer can cope once its power has been switched on again, such a course seems the only fair one.

For a high immediate income with prospects of long-term income growth

INCOME UNITS

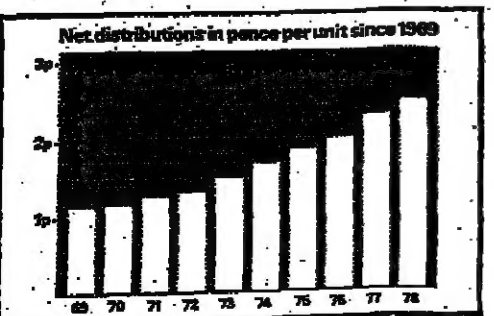
Save & Prosper Income Units aims to provide investors with the highest possible immediate income from ordinary shares and preference shares, consistent with reasonable prospects of income growth. At 28th February 1979 the estimated gross starting yield was 9.77%, making the fund Save & Prosper's highest-yielding unit trust.

How the fund is invested

The fund is invested in British companies through a judicious balance of high-yielding ordinary shares and high quality preference shares. In recent months the yield has been raised by increasing the proportion of preference shares (currently 28% of the fund), thus providing investors with an attractive opportunity to take advantage of the current high level of interest rates.

Past performance

Income Units was launched in 1960 and has an impressive record of high and increasing income. Even over the last 10 years when dividend restraint has applied much of the time, the annual net income per unit has increased each year from a high



starting level of 1.15p to 2.49p, an increase of 116%.

Remember the price of units and the income from them may go down as well as up.

An investment in the fund should be regarded as a long-term one.

Prospects for income and capital

We are confident that, despite the continuation of dividend restraint, Income Units' total distribution for 1979 will show a substantial improvement over the 1978 payment, thus maintaining the fund's creditable distribution record.

In particular, the high income base of the fund is firmly underpinned by its preference share content, where yields now offer significant real rates of return.

As regards prospects for capital values, political and economic uncertainties appear to be adequately discounted in present prices and, we believe that Income Units is well positioned to take advantage of opportunities for selective investment as and when they arise.

At 28th February 1979
Save & Prosper Income Units
offered

9.77%
P.A.
estimated gross starting yield

Britain's largest unit trust group

Save & Prosper Group was founded in 1934 and in addition to being Britain's largest unit trust group is also a major force in life assurance, pensions and annuities.

At 1st January 1979 the Group managed £923 million for some 700,000 investors.

How to invest

To make a lump-sum investment please complete and return the coupon together with your cheque.

You will be allocated units to the full value of your remittance at the offer price ruling on receipt of your application. The minimum initial purchase is £250.

On 28th February 1979 the unit offer price was 46.4p x d, giving an estimated gross starting yield of 9.77% p.a.

If you require further information please consult your usual adviser or Customer Services at the address shown in the coupon.

Units may also be acquired on a regular monthly basis. For further details please complete and return the coupon, ticking the appropriate box.

GENERAL INFORMATION

Dealing in units. Units may normally be bought and sold on any working day. However, in exceptional circumstances the Managers reserve the right to suspend price quotations pending their recalculation. Prices and the yield are quoted in the leading newspapers. Unit certificates will normally be forwarded within 14 days. Selling units. The Managers will normally buy back units from registered holders, free of commission, at not less than the bid price calculated on the day instructions are received, in accordance with a formula approved by the Department of Trade. They may be sold back through an authorised agent who is entitled to charge commission. Payment is normally made within seven days of our receiving repurchased certificates. Safeguards. The trust is authorised by the Secretary of State for Trade, and is a "widened-range" investment under the Trustee Investments Act 1961. The Trustee is Bank of Scotland who hold the title to the trust's investments on behalf of the unitholders.

Charges. The offer price currently includes an initial service charge not exceeding 5%, and a rounding adjustment not exceeding the lower of 1% or 1.50p. Out of this, commission of 14% (plus VAT where applicable) will be paid to banks, stockbrokers, solicitors, accountants and qualified insurance brokers on applications bearing their stamp. In addition, a half-yearly charge, out of which the Managers' expenses and Trustees' fees are met, is deducted from the fund assets. The charge is currently 18.75p per £100 on which 8% VAT is payable, making a total deduction of 20.50p per £100.

Income. Distributions of net income are made on 28th March and 30th September each year. These can be reinvested in further units if you wish. Income Units is currently "off" which means you will receive your first distribution on 30th September 1979.

Managers. Save & Prosper Securities Limited (a member of the Unit Trust Association), 4 Great St. Helens, London EC2P 3EP.

I declare that I am over 18 and am not resident outside the UK or other Scheduled Territories and that I am not acquiring the above units as the nominee of any person resident outside these Territories. If you are unable to make this residential declaration it should be deleted and the form lodged through your UK bank, stockbroker or solicitor. This offer is not available to residents of the Republic of Ireland.

Signature _____ Date _____
If you are an existing unitholder please state account No. _____

If you would like distributions of income to be re-invested in further units please tick here. ☐ If you would like details of our Share Exchange Plan please tick here. ☐ With life assurance ☐ Without life assurance ☐ 610/PT/1

AGENT'S STAMP _____

SAVE & PROSPER GROUP

Businessman:
CELONA ONAL (SPAIN)
1st 1979

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TRAVEL

Wilder Wales

BY PAUL MARTIN

ON A return visit to Wales I set out to see for myself some of the areas less familiar than the accepted resorts. Those along the north and south coasts are well known as are the Snowdonia National Park and the Brecon Beacons. So, after glancing at the map, I opted for the Cadair Idris region and the forests of Rheidol and Ystwyth, separated by the Plynlimon range, to the south.

I chose as my base the delightful market town of Machynlleth on the river Dovey. The town centre boasts a remarkable clock tower, a gift from the Marchioness of Londonderry, and the ancient traditional meeting place of Glynwdr's 1304 Parliament now housed in the Gwyn Glynwdr Institute and the Tourist Information Centre. The grounds of Plas Machynlleth, dating from 1871, are now a public park with tennis courts and a children's playground.

The Lugwy Hotel at Pennal, a few miles from the town centre, is in a delightful riverside setting. Tree-covered hills rise on the opposite side of the valley and the peace and quiet induce complete relaxation. Open log fires are always welcome and, with an extensive menu to choose from, I thoroughly enjoyed my stay there. All rooms have private facilities and the best of prices range from £12 to £15.

There are also some very attractive cedar-wood lodges within the extensive grounds for those who prefer to cater for themselves, open-year-round at prices varying from £45 to £145 according to size and season.

In case you should ever have to "self-cater" in a total sense, a visit to the National Centre for Alternative Technology, four miles north of Machynlleth, would be a useful preparation. Situated in an old slate quarry at the top of a steep path, the relatively small area is laid out to demonstrate alternative sources of energy derived from wind and water as well as various methods of organic horticulture and bee breeding. There is a demonstration area of solar heating panels and the bookshop provides information on every imaginable aspect of self-sufficiency. The centre is open daily from 10 am to 5 pm or dusk if earlier.

The spinning and weaving machines at the Melirion Mills, at Dinas Mawddwy, are beyond the range of the individual self-sufficiency enthusiast, although the processing of Welsh wool



The town centre of Machynlleth

Some of the most spectacular, scenic mountain roads are those "red threads" on the map. Driving south from Machynlleth on the Aberystwyth road and turning off at Talybont, the minor road is marked to the Nant-y-moch Reservoir. It winds through the Rheidol Forest before dropping down to that vast expanse of water in the middle of nowhere with only the cries of the curlews and the bleating of sheep breaking the still air. The road then crosses the Plynlimon range on the way to Pontnewydd and the Devil's Bridge where the Mynach and Rheidol rivers meet in a series of spectacular waterfalls.

I decided to end my journey at Crugbyr, near Lampeter, and again headed into the wilds at

SNOW REPORTS

EUROPE	
Falaise (Fr.)	55-100 cm
Crans (Sw.)	50-180 cm
Davos (Sw.)	30-145 cm
Verbier (Sw.)	50-200 cm
Wengen (Sw.)	10-90 cm
St. Moritz (Sw.)	60-100 cm
Niederau (Aust.)	25-45 cm
Voss (Norway)	170-190 cm
European reports from Ski Club of Great Britain representatives	
THE U.S.	
Hunter (NY)	35-80 in
Stowe (Vt.)	15-35 in
Park City (Utah)	13-35 in
Park City (Utah)	96-103 in
Aspen (Col.)	24-103 in
Squaw Valley (Calif.)	72-128 in
Figures indicate basic snow depths at top and bottom stations	
SCOTLAND	
Glenelg	All runs complete. Wet snow
Glenelg	All runs complete. Wet snow
Glenelg	All runs complete. Wet snow
Glenelg	All runs complete. Wet snow

As she is spoke

NUMEROUS people craned their necks as Professor Galileo Galilei appeared at the top of the Leaning Tower of Pisa with a thumping great weight in one hand, and a little weight in the other. He dropped the weights simultaneously and they both hit the ground at the same time.

But since educated people had believed for about 2,000 years that the heavier weight would fall faster, the folk who watched Galileo's test were disinclined to accept the evidence merely of their own eyes. Soon afterwards the professor was obliged to resign his chair at Pisa University and return to Florence.

The problem, of course—as I would have no need to remind the Prince of Wales, at least—was that Galileo was bad at communications.

And the problem with that of course is that it would be very hard to name any conflict between human beings that could not be represented as a communications problem.

Even when the topic is narrowed to relations between managers and managed, as it was by Prince Charles, the same general prescription of a need to improve communications can still seem of dubious practicality.

What may be news to the Prince is that managers in the UK have often prescribed the same need in their own case. A survey done by Sussex University researchers about eight years ago of the demand and need for management education found that virtually all working managers believed that their prime need was courses to improve their skill at communications.

When we tested to find what sort of communications courses they wanted, however, we were rather worried. The chief researcher told me: "They wanted to be taught how to tell their workers what to do in such a way that they would obey the orders without question."

The finding does represent some advance because, instead of blaming the stupidity of their subordinates for what went wrong, the managers were attributing it to a deficiency in themselves. But the only remedy for that fault which they could evidently think of was in principle a kind of magic spell.

EDUCATION

MICHAEL DIXON

This is not to say that managers could not find a principle for improving communications in a practically productive way. But it is a principle that would have to be accepted not only by the managers, but by the managed as well.

As an illustration: at the time of writing it is well past midnight on a cold morning. I and numerous others would have been in bed hours ago had it not been for a fire by the side of the track on Southern Rail.

Ironically it turns out that I could have walked back to my home within the time spent waiting for a train.

To give Southern Rail its due, the authorities did communicate with us. Every few minutes the loudspeakers did inform us, and in an apologetic tone, that trains were subject to delay as "a reaction of a rail-side fire."

What the shivering hundreds on the platforms needed in order to decide whether or not to make their way by other means, of course, was how long the delay seemed likely to endure.

Try as one did, however, there was to be found nobody either able or willing to venture any information other than the studiously polite and infuriatingly repeated revelation that the trains were subject to delay.

Rail workers, like many of the rest of us, are surely consumers of the types of goods and services they supply, whether as managers or managed. Unless they—and we others—are devoid of any sensory perception whatsoever, we should therefore have some first-hand knowledge of what the consumers need.

But to become aware of those needs, and to act accordingly, does not require a complicated process of learning involving analysis of one's needs when in the position of the customer, remembering the analysis, and applying its lessons when in the supplier's position. The principle has been formulated for simple teaching for a very long time: "...do to all men, as I would they should do unto me."

The quotation comes from the Church Catechism. True, the people who were taught the principle generally failed to act on it far more often than they applied it. But I cannot help feeling that the proportion of such failures has probably risen since teaching the Catechism went out of fashion. Which is an education problem.

Ustinov in search of himself

TAKE A boy of Russian parentage crossed with French and add a pinch of Abyssinian; put operative, architectural and painterly achievement into the ancestry; and set the whole down in central London in the 1920s. Now allow this mixture to simmer gently, perhaps not so gently sometimes, and pour it carefully through the mould of the English middle-class education system, say Gibbs Preparatory School in South Kensington, followed by Westminster School. While still warm, and before it has had time to set, push through the sausage machine of the British army for four years, and sprinkle generously with variegated seasoning of show business. The result of this fascinating experiment in genetic and environmental cuisine? Peter Ustinov, one of the most consistently satisfying, rosette dishes on our national menu.

I have been dining off it half my life. I went as a schoolboy to see his first play, *The House of Regrets*, at the Arts Theatre Club, a tragedy-comedy in the Chekhovian manner about the reactions of Russian exiles in London when the second world war is declared. How tired he

must be of people telling him he never wrote anything better! Until the mid-fifties I followed his career as a playwright with the same expectations as later I followed John Osborne's, and nowadays those of Pinter and Stoppard. I vividly remember the work of Eric Portman and Charles Goldner in *The Moment of Truth* in roles based on Pétain and Laval while France was falling.

After the war it was the man

PAPERBACKS

ANTHONY CURTIS

himself rather than his plays that seemed to take over, Ustinov the movie actor in battledress or toga. Inevitably television and radio soon claimed him for his skills as mimic and raconteur. No one since Noel Coward has had a greater reputation as a wit. Ustinov is in addition a polyglot mimic with a devastatingly accurate ear.

Somewhat he manages to combine the clowning and performing with being a public figure whose social conscience takes

the form of campaigning to improve the lot of unfortunate children throughout the world. I have before me a printed message from him which came through my letter-box the other day. It ends: "Children are our unending hope, which is why I'm a friend of UNICEF. I hope you will join me."

How does he see himself? What really ignites that super-charged creative energy? You will find a sort of answer in *Dear Me*, his autobiography, which has just appeared in a paperback edition (Penguin £1.25). It is, needless to say, a hugely enjoyable read, written as if it were a collaboration between Jean-Jacques Rousseau and Groucho Marx. Some of the stories you will have heard before but there are masses of fresh ones containing hilariously revealing glimpses of many theatrical great men: Gielgud, Richardson, Olivier all come under scrutiny, and much less accessible people from the Hollywood stable, like the dis-trusted Hungarian director Michael Curtiz and the perfectionist, Mervyn Leroy.

The book also contains an intermittent dialogue with himself in which Ustinov tries un-

successfully to curb the excesses of his own power of total recall. He gives detailed and unselfish portraits of his parents. He deals frankly with his professional failures of which there have been quite a few, and circumspectly with his three marriages.

One of his forebears was an architect but structure is not Peter Ustinov's forte (he mistakenly, I think, sneers at one point at Pinero's heightened sense of it). Once Ustinov has got through his childhood, and his army career (where he made some excellent war films but to his chagrin was rejected for commissioned rank), the book loses whatever shape it may have possessed. No matter. Here preserved in cold print is the inimitable, unpredictable patter of this Grimaldi of the electronic era.

For a more conventional kind of movie memoir try *Kiss Hollywood Goodbye* by Anita Loos (Penguin 85p) which reaches back in time to the days of Irving Thalberg and Jean Harlow. When it comes to name-dropping Miss Loos can compete even with Mr. Ustinov; though no great stylist she also has her moments of truth.

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GOLF

Defies the purists

NEW YORK, March 2. THE OLD GOLFING adage that "it is not how, but how many" really matters was never better borne out than in little Lanny Wadkins's thrilling one-stroke victory in the Glen Campbell Los Angeles Open at the magnificent Riviera Country Club last Sunday evening in weather of which the local Chamber of Commerce could justly be proud. And if you believe in that other sporting axiom "horses for courses" your money might have been on the winner, since he finished fourth on this classical old layout in 1978, 8th in 1977, and in between lost by a single stroke in 1977.

I am generous in praise of Riviera because its small greens—in some cases downright tiny ones—and gaping, deep bunkers have been largely replaced in the modern era by massive ones and miserable sand scrapes on this continent, supposedly for ease of maintenance. This theory has always mystified me. I have never been able to understand how it can be easier to mow a green twice as large in area as the next one. And I personally detest the clever little tractors that can render sand as smooth as velvet, believing that the only raking of bunkers should be performed by the players—or their caddies—who use them.

It should be a punishment to have to play from sand, not a guarantee of immunity, as it is to the best professionals. The legendary Scottish architect, Dr. Alister Mackenzie, who called into improve the original Riviera course, which was laid out by American George Thomas in the middle 1920s, observed that there was not a single aspect of it requiring change. The fact that Nelson, Hogan, Snead, Hale Irwin, and now Wadkins have won this event on this great course speaks volumes for it.

But back to Wadkins's method, that defies all the purists. His hands are ridiculously low and very far forward at address. He has a classic hooker's grip, picks up the club-head abruptly, and swings much too quickly. Many detest him for his brash, aggressive attitude, but it is this cocky, brave nature which serves him so well, when he can



Lanny Wadkins

keep his game together, despite the suspect method, as was the case on Sunday. Wadkins won the 1970 U.S. Amateur Championship, the 1977 World Series and USPGA titles, and previously three more American tournaments. Last year it was not until the autumn that he won by large margins the Canadian PGA and Garden State PGA titles, the latter in Melbourne, Australia, on the same day his younger brother Bobby won the European Open at Walton Heath.

The nature of Wadkins's victory on Sunday was singularly courageous, in that he had to make birdies at the 12th and 13th holes to catch the co-leaders Lon Hinkle and Kermitt Zarley, and also combat exceedingly slow play that is so foreign to him. Wadkins won the tournament because he had the guts really to attack the dangerous 613 yards 17th hole. He hit a fine drive and decided to use the same club again on this rather damp area of the course. Wednesday's pro-am had been washed out. Wadkins's theory was interesting, in that he believed that, if he was to hit his three wood with its much higher trajectory—the ball might more easily pick up a lump of mud and make it difficult for him to strike his sand wedge shot to the green with minute accuracy. Wadkins actually hit this third shot but eight inches from the hole.

His ordeal was far from over, however. Although Zarley had dropped out of contention by Wednesday's pro-am, he was still in the lead. Wadkins knew only too well that he himself had done this at the 454 yards uphill 18th on the three previous days. In front of him, a huge roar, Wadkins's 30-foot putt to save his par, the big fellow having missed the green up the hill to the left. Wadkins had to score par 4 to win, and pro-

ceeded to hit his 3 iron second shot into much the same area of elephant grass as had Hinkle. His chip was twice as good, you might say, for he quickly holed out from 10 feet for victory before launching into a justified diatribe against slow play.

There was no excuse for the third last group of Tommy Aaron, Jim Colbert, and Al Geiberger having two holes clear in front of them and Zarley, playing alongside Wadkins, also took an interminable time to study the line of his putt. At one stage the giant Andy Bean walked all the way to the 17th green to glare furiously at the group I have mentioned, then, having ample time to replace his steps, and still waiting before playing his third shot, as Wadkins said at the time: "Professionals should play 18 holes in three and a half hours. I am a fast player, and we took five. No wonder my mind was wandering. I got so anxious at the 12th that, when I saw a caddy replace the pin in the hole, I fired by second shot on to the green, not realising that one of the group was still about to chip." Well said, Wadkins.

Finally, an item of goods news for any British professional willing really to travel. A group of Texan businessmen will award a World Golf Trophy and \$200,000, with \$100,000 going to the winner, down to \$10,000 to the tenth-placed player on a points system this year—and hopefully beyond—at a dinner in New York in December. Points will be on offer at the Tournament Players' Championship, Western, Memorial Open, and PGA Championships in the U.S., the British, Canadian, Irish, European, Australian and Japanese Open Championships and, finally, the Mexico Cup Competition.

BEN WRIGHT

Triumph of the primrose

ONE OF the most heart warming sights these past few weeks has been a magnificent trial of primroses grown in pots in the garden at Wisley. These modern garden primroses have been selected not only for the size and colour range of their flowers but also for the way in which they produce them which is a little different from that of the wild primrose from which they are descended. Instead of the flowers being scattered more or less throughout the plant they are all clustered near the centre with the leaves around them rather in the manner of a Victorian posy. This makes for a very effective display both in pots and out of doors. But do not think that these new varieties are quite as hardy as the old ones and so they may not be quite as reliable in the open as under glass.

After the experience of this past winter, when it has been costly, even where it has proved possible, to maintain the usual temperatures in greenhouses, it is good to be reminded of plants as decorative as these primroses which can be grown without any heat, though to get the early flowers that we have seen at Wisley a little extra warmth, sufficient to maintain a minimum of 7 deg C, is required.

There were no less than 117 varieties on trial at Wisley and 32 received awards of one kind or another. As usual with seed trials very few appear to be available in Britain, most of the entries having come from overseas where breeders appreciate the impartiality and prestige of the Royal Horticultural Society trials. Most of the entries were of individual colours which is what the commercial growers, who produce these primroses in pots for market, require. But gardeners are likely to prefer mixed colours since to buy a lot of individual colours can be expensive and land one with far more seed than is required. So it is nice to be able to record that the best mixture at Wisley, though raised abroad, was entered for the trial by an English seedsmen, D. R. Colgrave Seeds, West Addenbury, Banbury, a firm I must confess I had not heard of previously. The strain is called Ducat Mixed, the flowers are very large and the colours bright

and varied. The judges very rightly gave it an Award of Merit.

The same firm also sent what seemed to me the most unusual primrose in the trial, a pretty little thing named Julian Mixed, raised in Japan and presumably a selection from *Primula juliana* which is itself a hybrid between the common primrose and a carnation-flowered, mat forming species from the Caucasus named *P. juliana* named Wanda, with carnation flowers, was very popular for outdoor planting but I have seen little of it for some time. These new Julian Mixed varieties seem dwarfier and more compact than Wanda with a good range of colours including some rather unusual pastel shades. Some of the colour of *P. juliana* has also crept into the leaves tinting them with light purple or coppery pink and the whole effect of these miniature primroses is quite delightful. The trial judges were not prepared to go beyond the rather low award "commended" but to me Julian Mixed seemed worth more than that.

A modern primrose that is available from most seedsmen is Mothers' Day and this has its

GARDENING

ARTHUR HELLIER

flowers clustered in the centre and is sold in mixture of colours in the same way as Ducat Mixed. Since it was not in the trial it is impossible to say precisely how it compares with that award winning variety but it has always impressed me as good and really at this level of breeding there is not a lot to choose between the varieties that win awards and those that do not.

The clustered flower habit of these primroses was presumably obtained in the first place by crossing primroses with polyanthus which do carry their flower stems close together in the flower stalks. No doubt some of the flower size and quality also comes from the polyanthus which was highly developed long before breeders turned their attention seriously to primroses as being potentially profitable for the winter and early spring pot plant trade.

Good strains of polyanthus make equally effective pot plants, are no more difficult to grow and require no more heat though, just as with the primroses, great individual flower

size seems to have been obtained at the expense of some hardiness. I doubt that this is inevitable and probably complete hardiness could be bred back into them if anyone thought it worth their while to undertake the considerable work that would be involved. Breeding is easier if one limits one's objectives and the original polyanthus and primrose breeders were looking for good pot plants for which purpose complete hardiness was not important.

The most famous of these giant strains of polyanthus was produced on the Pacific coast of California where, in any case, outdoors or in, great hardiness is not required and so it is not surprising that the Pacific Giants, or Pacific Super Giants as they have now become in some catalogues, are not completely reliable outdoors in all parts of Britain. This winter has

probably tested them severely. It will be interesting to see how they perform in the coming year with that of some of their newer rivals such as Jumbo Mixture from Suttons, a first generation hybrid for which big claims are made, and Royal Supreme Mixed from Thompson and Morgan.

If you fancy trying primroses or polyanthus as pot plants next winter buy seed in good time to sow it in April or early May (those at Wisley were sown later but they know how to keep plants growing fast there) and move the seedling from the seed pans into seed boxes and then into small pots from which they can progress up to the 10cm size if they make sufficient progress to justify it. Those at Wisley were grown in equal parts of loam, moss peat and coarse sand plus a peppering of John Innes base fertiliser in the original mixture supplemented by liquid feeding once the plants

were established in their final pots. For outdoor cultivation it will be wise to start earlier, in March rather than May, as to be sure of having sturdy plants for putting into flowering beds in September. Seeds usually germinate erratically and it is best to prick out the seedlings into seed trays a few at a time as they become large enough to handle. Once they have filled these trays with roots and leaves they are best planted outdoors in a nursery bed where they are less liable to suffer from frost than if grown on in pots.

Primroses and polyanthus like it cool and moist. Wild primrose are nearly always better and more abundant in the hedgerows that face north than in those that face south and this is something to bear in mind when choosing a place to grow the seedlings on.

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1978 Feb. Rolls-Royce Silver Shadow II Saloon. Walnut, Champagne leather. 1978 Mar. Rolls-Royce Silver Shadow II Saloon. Silver-Chalice, Blue Everflex roof, Surf Blue leather. Speedometer reading 3,500 miles. 1976 Aug. Rolls-Royce Silver Shadow Saloon. Walnut, Beige leather. Speedometer reading 15,000 miles. 1976 Aug. Rolls-Royce Silver Shadow Saloon. Willow Gold, Black Everflex roof, Black leather. Speedometer reading 19,000 miles. 1976 Jan. Rolls-Royce Silver Shadow Saloon. Walnut, Beige leather. Speedometer reading 41,000 miles. 1973 May Rolls-Royce Silver Shadow Saloon. Black over Walnut, Black leather. Speedometer reading 35,000 miles. 1973 May Rolls-Royce Silver Shadow Saloon. Caribbean Blue, Dark Blue Everflex roof, Magnolia leather. Speedometer reading 56,000 miles. 1971 Aug. Rolls-Royce Silver Shadow. Caribbean Blue. Black Everflex roof, Dark Blue leather. Speedometer reading 32,000 miles. 1971 Oct. Rolls-Royce Silver Shadow. Deep Indigo Blue, Black Everflex roof, Dark Blue leather. Speedometer reading 55,000 miles. 1969 June Rolls-Royce Silver Shadow HJM/PW 2-door Saloon. White, Black Everflex roof, Black leather. Speedometer reading 51,000 miles. £14,750.

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1978 Aug. Rolls-Royce Silver Shadow II in Willow Gold with Everflex roof and Brown Everflex roof. Under 2,000 miles indicated. Price on application. 1977 May Rolls-Royce Silver Shadow II in Silver Sand with Dark Brown hide. 25,000 miles indicated. Price on application. 1977 Feb. Rolls-Royce Silver Shadow LWB Saloon in Oxford Blue with cloth upholstery. 34,000 miles indicated. 1972 Jan. Rolls-Royce Silver Shadow in Le Mans Blue with Grey hide interior and Black Everflex roof. 22,000 miles indicated. 1974 June Rolls-Royce Silver Shadow in Shell Grey with Blue hide and Black Everflex roof. 17,500 miles indicated.

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1977 Oct. Rolls-Royce Silver Shadow Series II Saloon finished in Champagne with Brown hide upholstery. Speedometer reading 4,000 miles. 1974 Feb. Rolls-Royce Silver Shadow. Competitively priced finished in Walnut over Regency Bronze. Speedometer reading 48,000 miles. A beautiful and very well maintained motor car. 1969 Bentley T Series Saloon finished in Shell Grey with Red hide upholstery. One owner from new. Speedometer reading 33,000 miles. Recently recoloured. Full service history. A truly remarkable and magnificent motor car. £16,000. 1968 Mar. Bentley S2 finished in Pacific Green with Tan hide upholstery. Recently recoloured. A beautiful car that must be seen. Only £18,950.

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REIGATE
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New Rover 2600 Auto. PAS, electric windows. Finished in Turmeric. New Rover 3500 5-speed. PAS. Finished in Platinum. New Rover 2500 5-speed. PAS. Finished in Midas. 1978 Jaguar 5.3 Injection Saloon Auto. Finished in Dark Blue with Biscuit leather. Air conditioning. Chrome wheels. Radio/stereo. Indicated mileage under 3,000. £11,950. 1977 Jaguar 4.2 Coupe Auto. Finished in Carriage/Brown with Biscuit leather. Chrome wheels, radio/cassette. Indicated mileage under £3,950. 1976 Jaguar 5.3 Injection Saloon Auto. Finished in Dark Blue with Biscuit leather. Air conditioning. XJS alloy wheels. Electric sunroof. Indicated mileage under 23,000. £7,995. 1975 Rover 2600 Auto. Finished in Dark Green Metallic with Brown leather. Power steering. Tinted glass. Electric windows. Indicated mileage under 1,000. £6,995. 1978 Citroen CX 2400 "Familiale" 8-seater Estate. Finished in Gold with Brown velour. Indicated mileage under 9,000. £5,995. 1976 Daimler 3.4 Sovereign Auto. Finished in Regency Red with Sand cloth. Indicated mileage under 30,000. £5,495. 1977 Land Rover 1600 Convertible with Hard Top. Finished in White with Brown Parchment. Indicated mileage under 9,000. £4,595. 1976 Ford Granada 3000 GL Estate Auto. Finished in Dark Blue with Blue cloth. Indicated mileage under 29,000. £4,395.

TORQUAY
Lisburne Square, Torquay. Tel. (0803) 24321

1977 Nov. Aston Martin V8 Saloon. Finished in Milan Brown with Beige hide upholstery. Unique "T" registration number. One owner. Speedometer reading 14,000 miles. £17,250.

WADHAM STRINGER

MOTURING

Forty ninth Geneva

Geneva, March 1.

THE motor show that opened here yesterday is a barometer on which the state of health of the European car industry can be read. The wealthy Swiss have no car industry of their own. They buy what they want from any country they fancy.

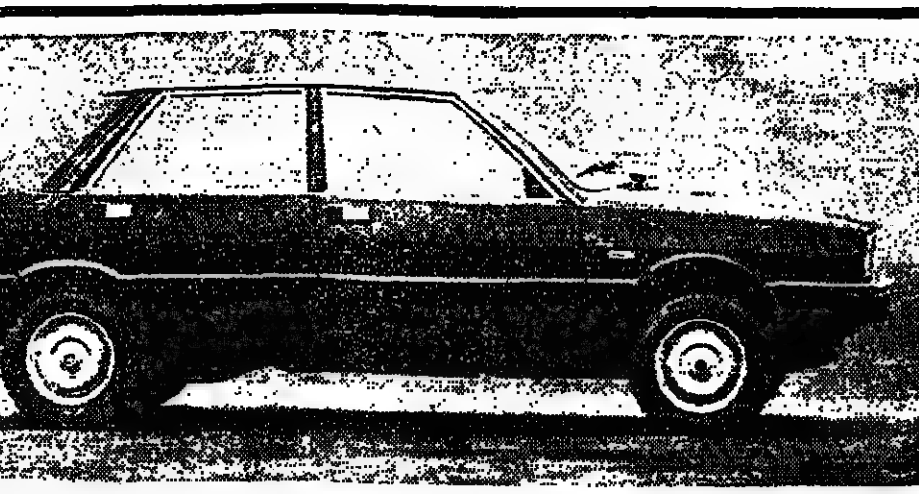
Once it used mainly to be Britain but those days, alas, have gone. Of the 271,553 cars sold here last year, 118,594 or nearly 50 per cent were German. Next in the popularity league were France, with 80,928, Japan (34,416), Italy (32,023) and Sweden (8,615). All of these countries sold around 10 per cent more cars last year than they did in 1977.

Britain's 7,221 registrations were 1,385 down on the previous year. We were just ahead of the U.S.'s 6,534 cars (an increase of 25 per cent on 1977) but if their sales continue to go up at their present rate, we shall have fallen to the bottom of the heap by next year.

But this will not happen if British Leyland have anything to do with it. Their stand is the biggest and best at the show. One of the new V8 engines Land-Rovers heaves up and down on an apparent sand dune made of shag pile carpet. A row of colour-matched green Triumphs, Jaguars and Rovers sits in artistically lit cloisters. It is a superbly stage-managed display which has won everybody's approval.

Next to the Mini, the Rover is Britain's most popular make in Switzerland: their sales actually went up modestly last year. They were mainly Land-Rovers and Range Rovers. Leyland think the V8 Land-Rover, which was specially launched at Geneva to steal some of the thunder from the new Mercedes, is a superbly stage-managed display which has won everybody's approval.

For Renault, the R18 break is only the tip of an iceberg. This year we are going to see a lot of new Renault models. The super version of the R4 run-around with an 1100 cc engine, already well established in France, will reach the British market. Among variations of the Renault 5 theme which we shall see in Britain will be a six-speed, super-tuned Gordini for the sporting owner. The R6 may be phased out but at last,



It looks like a marriage between an Alfa Romeo Giulietta and a Volkswagen Golf, but this is the new Lancia. So far unnamed, it shares the Fiat Ritmo's 1.3 and 1.5 litre engines and goes on the market in the summer.

V8 underseals a Mercedes six cylinder. Lower down the range it seems kinder to draw a veil. The Princess II is making some impact but it is difficult to think of any good reason why a Swiss motorist should buy a Marina or an Allegro except that they are very cheap. The basic Leyland Mini is losing market share but the Italian made Innocenti mini, with a pretty hatchback body, is selling better each year. The fanciest Innocenti mini sold here, which is called the De Tomaso costs nearly £3,800 the same as a 1500 Allegro Special and nearly £1,000 more than a Marina 1300 saloon.

Chrysler UK's Lotus-engined Sunbeam hatchback is attracting a lot of favourable comment. It looks a businesslike buy for the small car driver who likes to get a move on. No price is being quoted for either the Sunbeam motors or the similar, but not quite so fast, Sunbeam TI but the Swiss distributor said, hopefully, that they would go on sale later this year.

Having turned their backs temporarily on the hatchback body by introducing the new R18 saloon with a boot, Renault have very quickly come up with an estate car version. Perseus, they call it a break. It is a nice looking car, far less utilitarian than previous Renault estates, and available with the same choice of 1.3 or 1.6 litre engines as the R18 saloons but not yet with the five-speed gearbox. It will come to Britain this autumn.

For Renault, the R18 break is only the tip of an iceberg. This year we are going to see a lot of new Renault models. The super version of the R4 run-around with an 1100 cc engine, already well established in France, will reach the British market. Among variations of the Renault 5 theme which we shall see in Britain will be a six-speed, super-tuned Gordini for the sporting owner. The R6 may be phased out but at last,

Peugeot chose Geneva to launch two new diesel-engined cars. The 305 has a completely new 1.5 litre four cylinder engine; the 604 diesel has a turbo supercharged version of the four cylinder engine used for several years in the 504 GLD.

Volkswagen, too, are wedded to the idea of turbo charging as a means of increasing both performance and flexibility and their Golf GTI is also making its first appearance at this show. For some time Volkswagen have made no secret of their enthusiasm for the turbo-charged diesel engine. They say it is the best way of obtaining good acceleration and high cruising speeds in a small diesel-engined car giving unparalleled fuel economy.

ROMANS

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1979 Rolls-Royce Shadow II finished in Willow Gold with Beige Hide upholstery. Brown Everflex roof, delivery mileage. £39,950 or £1,016 monthly. 1976 'T' Rolls-Royce Shadow II finished in Willow Gold with Beige Hide upholstery, alloy wheels, tinted glass, delivery mileage. £35,950 or £916 monthly. 1978 Rolls-Royce Shadow II finished in Shell Grey with Blue/Grey Hide upholstery, 1 owner, 3,000 miles, £36,950 or £960 monthly.

ASTON MARTIN

1978 Aston Martin V8 Aston, finished in Old English Pewter with Beige Hide interior, air cond., radio/stereo, 1 owner, 15,000 miles, full service history. £13,950 or £316 monthly. 1977 'S' Aston Martin V8 Vantage finished in Cricket White with Black Hide interior, air cond., 3 speed manual gearbox, radio/stereo, 1 owner, full service history. £9,000 miles, £21,950 or £576 monthly.

MERCEDES

1978 450 SLC finished in Classic White with Charcoal velour interior, air cond., electric sunroof, alloy wheels, Becker Mexico radio/stereo, 4,000 miles, service history. £22,950 or £584 monthly. 1978 'T' 280E finished in Medium Blue with parchment cloth, electric sunroof, tinted glass, radio, 5,000 miles, service history. £12,995 or £337 monthly. 1979 280 SE finished in Milan Brown with parchment cloth upholstery, electric sunroof, alloy wheels, tinted glass, delivery mileage. £26,950 or £616 monthly. 1978 450 SLC finished in Icon Gold with parchment velour, air cond., electric sunroof, alloy wheels, radio/stereo, 9,000 miles, service history. £22,950 or £584 monthly.

BMW

1978 633 CSi Aston, finished in Silver metallic with Blue velour interior, electric sunroof, tinted glass, 6,000 miles, 1 owner, service history. £15,450 or £392 monthly. 1978 320i Aston, finished in Black with Grey cloth upholstery, tinted glass, 6,000 miles, supplied by ourselves. £6,750 or £175 monthly. 1978 323i finished in Coral Red with Charcoal cloth, tinted glass, radio/stereo. £10,495 or £264 monthly. 1978 'T' 320i Automatic finished in G-H Yellow, charcoal cloth interior, PAS, tinted glass, radio, 6,000 miles, full service history. £14,495 or £362 monthly. 1978 723i 1.8i, finished in Reseda Green with Moss velour, sunshade roof, alloy wheels, tinted glass, electric windows, centre locking, radio, 8,000 miles, 1 owner, service history. £14,495 or £362 monthly. 1978 'T' 623i CSi Aston, finished in Iberian Red with Black Hide upholstery, air cond., electric sunroof, alloy wheels, limited slip diff., radio/stereo, hand lamp wash-wipe, 800 miles, £17,950 or £446 monthly. 1977 320i Aston, finished in Florid Blue with Blue cloth upholstery, tinted glass, alloy wheels, radio, supplied and serviced by ourselves. £4,950 or £128 monthly. 1977 320i Manual finished in Reseda Green with Beige cloth upholstery, tinted glass, radio, supplied and serviced by ourselves. £4,950 or £128 monthly.

PORSCHE

1978 928 Auto, finished in Metallic Silver with Black Hide with Black and White check velour interior, air cond., delivery mileage. £26,950 or £670 monthly. 1978 'T' 928 Automatic, finished in Copper Metallic with Cork interior, velour interior, air conditioning, passenger door mirror, 3,500 miles, service history. £25,950 or £674 monthly.

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1978 'T' Jaguar XJ6 4.2 finished in Signal Red with Black Hide upholstery, air conditioning, chrome wheels, radio/cassette, 8,000 miles, service history. £10,495 or £272 monthly. 1978 Jaguar 2.8i Aston, finished in White with Red velour interior, air cond., Everflex roof, 6,000 miles, full service history. £12,650 or £324 monthly. 1978 Ferrari 308 GT4 finished in Metallic Dark Blue with Magnolia interior, Blue velour interior, alloy wheels, radio, 1,000 miles, full service history. £15,450 or £392 monthly. 1978 'T' Ferrari 308 GT4, Silver Green with Plaque interior, tinted glass, wide wheelbase, 800 miles, £17,950 or £446 monthly. 1977 'T' 308 GT4, Silver Green with Plaque interior, tinted glass, wide wheelbase, 1,000 miles, full service history. £15,950 or £398 monthly. 1977 'T' 308 GT4, Silver Green with Plaque interior, tinted glass, wide wheelbase, 1,000 miles, full service history. £15,950 or £398 monthly.

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FASHION

LARGE AND LOVELY

WHEN ONE discovers, as I have just done in the course of preparing this article, that 47 per cent of the female population is size 16 or more, it seems surprising that it has taken so long for them to be adequately looked after.

For years there were very few manufacturers who catered to their needs and those who did seemed to do it in a singularly unappealing way. Oceans of Crimplene, of cross-over bodies and pleats down the front to "distract the eye" is what I think of when I think of the outside or, to put it more kindly, the larger fashion market.

So, for all those readers who are size 16 or over, the good news is that suddenly there is a great deal more choice in the clothes line than there ever has been before. The departments in stores are improving, manufacturers are catering more for them, and one or two specialist shops are turning an imaginative eye to their problems.

One thing about people who cater for the larger sizes—they all seem to be exceedingly nice, they really do care about their customers, they love to see them going out of their shops or departments looking happy and attractive.

Sassa is a newish, small shop at 10 Gess Court, London W1, just off Oxford Street, which should be regularly visited by larger women. Sassa stands for Sixteen and Several Sizes Above and is owned by Christine Westwood who came to realise how many larger women were desperately looking for suitable, attractive clothes when she was running the special offers for Times Newspapers.

Most High Street fashion shops only sell clothes up to size 16 and several only go up to size 14, so for the larger woman who wants to be fashionable things have been very difficult.

Christine Westwood obviously loves her larger customers and has given great thought to what suits them. She buys from existing manufacturers like the Jaks Plus range ("terribly pretty clothes" is how Christine Westwood describes them) which is now also going into Peter Robinson. Fiona Sloan, she thinks, does very good more traditional clothes. She uses a lot of exclusive fabrics and, in particular, she is very good at graceful evening clothes, either floaty or fitted.

Besides buying from manufacturers Christine Westwood has also arranged for some special lines to be made up to her own designs. For instance, it isn't easy for a woman who is size 26 to find a silk shirt in a good colour so Sassa now sells silk shirts, up to size 28, in a choice of black, ivory, light turquoise, soft-green, yellow or dusky rose. The price is expensive, £54, but they fulfil a genuine need.

Sassa's lingerie is at least as glamorous as that sold for thinner ladies—French cami-



A simple viscose dress with an elasticated waist in black, burgundy or pale green. It is £24 from Dee Dawson, 5 Thayer Street, London, W1, or Dee Dawson shops in Selfridges and Alders of Croydon.

knickers at £13.95 or a knee-length slip at £31.00 are both made from satin delys (with a 15 per cent silk content) and are very glamorous-looking indeed.

Sassa will shortly have a catalogue for out-of-London readers—if you write to Sassa at the above address Christine Westwood will send you one as soon as it is out.

Dee Dawson actually opened

her shop at 5 Thayer Street, London W1 in November 1977 and she found, like Christine Westwood after her, that most of the manufacturers in the fashion world were catering for the 53 per cent of women who was less than size 16 and that almost nobody was thinking of the 47 per cent who were larger.

As she herself tends to veer between size 16 and 18 she felt she was admirably equipped to know what the larger woman needs and wants. She found so little readily available that she had to buy in designs herself from outside designers and then persuade manufacturers to make them for her. She abandoned conventional ideas about what fat women should or should not wear and gave them fashionable, pretty, wearable clothes so that they didn't feel like some other breed condemned forever to shapeless tubes in subdued colours.

Dee Dawson's clothes have been a huge success and she now has a shop-within-a-shop in Selfridges and for readers who can't get either to her own shop or to Selfridges there is a mail order catalogue which she will send out for stamps worth 20p.

Evans used to be known as Evans Outsize until about two years ago when the management decided that they needed to re-think the outsize problem. They changed their name to Evans (dropping the unattractive Outsize part) and brought in a bright new, young buyer who used to be a size 18 when at art college but had slimmed down to an elegant size 12.

She immediately set about initiating more attractive designs and now, as the photographs on this page will testify, the store has a much more appealing selection of clothes. There are far more garments in natural fibres like cotton in the summer, jersey in the winter. She insists on great attention being paid to details like the question of sleeves (large ladies' arms are often a big problem) and she has shown that simple drawing waisted jersey dresses can look good on those who are over a size 16.

For spring Evans will have a particularly nice raincoat with a lot of detailing in it; in hyacinth blue, mint green or peach, for £31. As there are 90 Evans' shops throughout the country most readers ought to

be reasonably near to one of them.

Finally, shoes. A shop called Crispins at 5, Chiltern Street, London, W1, specialises in shoes in sizes 7 to 10½. Crispins is the brainchild of a Canadian designer, Dawne Guttridge, who takes size 8½ and has spent many years looking for fashionable shoes. She has also

persuaded manufacturers in France, Italy, Spain and England to make shoes in larger sizes in fine leather. Crispins also carries a stock of Elbeo tights (with long legs) in a big range of colours. Prices are normal for good-quality shoes, starting at £15.

LUCIA VAN DER POST



Colourful separates from Evans in combinations of red and navy. The skirt, in red or navy, 100 per cent cotton, is £7.99 (16-22) or £8.50 (24-30). The

shirt, in red strongly patterned viscose, is £9.99 (16-22) or £10.99 (24-26). The T-shirt comes in red or navy cotton and is £4.99 (16-22) or £5.50 (24-26).



This attractive spring and summer outfit illustrates well the new look that has come over fashion at Evans shops. The dress and its co-ordinating waistcoat are just the sort of fashionable, cheerful clothes that larger women have been unable to find for so long.

The dress is made of 80 per cent cotton/20 per cent polyester and is washable. It comes in mint green with a navy check or peach with a rust check. The waistcoat comes in either rust or

navy and is made of 65 per cent polyester/35 per cent cotton.

The outfit is sold complete and costs £29.95 for sizes 16-22; it is £31.95 for sizes 24 to 30.

It is available now from main branches of Evans throughout the country. Mint green and peach are two of the main colours for the coming spring and summer and there is a particularly attractive raincoat, with a lot of fine detailing, that co-ordinates with this dress and with a whole collection of separates.

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HOW TO SPEND IT

by Lucia van der Post

FACELIFT FOR FURNITURE



The charm of stencils—a bedroom done by Lyn Le Grice for a friend using her Country Collection designs

MOST OF us have pieces of furniture in our houses that could more accurately be described as utilitarian than beautiful. The odd junk shop buy picked up when a storage chest was urgently needed, a whitewood cupboard to cope with clothes until something better could be afforded, a kitchen chair past its best. If all of these still look rather plain and unappealing there is help at hand—new stencil kits on the market can be used to transform utterly their appearance.

Until fairly recently in this country stencilling was something the children did. One brought out the stencils on winter afternoons to keep them happily occupied. In America, however, there was a tradition, brought over by immigrants from Switzerland, Holland and Scandinavia, of using stencils to enhance simple homes.

The style can be seen in photographs of the era and most people will recognise the motifs—the hearts, the birds, the flowers, and the stars. The colours were on the whole fresh and simple and the effect undoubtedly extraordinarily happy and bright.

Until fairly recently anybody who wanted to emulate this decorative work had to make their own stencils—a skilled and laborious work that I personally would not like to embark on. Recently however, several young artists have experimented with the medium for themselves and discovered just how beautiful the effects could be and what they could do to transform the huge numbers of rather utilitarian pieces of furniture around, so they have produced kits which anybody can buy and use.

Lyn Le Grice has produced the most attractive stencil designs that I've yet seen. She started by decorating her own house (a photograph of a room she did for a friend is shown, above), after she had been enthused by seeing some early

American designs in a museum. She now stencils furniture, floors, curtains, quilts, lampshades, blinds, cushions—as you can see from the photograph. If properly done, a room can take an awful lot of decoration.

Lyn Le Grice's stencils are of charming country designs (in fact she calls them her Country Collection) and she has produced very subtle, delicate effects by spraying on colour and letting the colours gently overlap. She uses the ordinary aerosol car paints to be found in most car accessory shops. (I found my local Belfords had a large range of colours.)

If you want to try to give new life to a piece of old furniture my advice is to experiment on a piece of board or newspaper first. It is vital, too, to prepare the wood properly first. Furniture should be sanded down with fine sandpaper and then cleaned with white spirit.

All the stencil kits give instructions, and a list of necessary materials on the back. The Country Collection of stencils are all pre-cut but there are the Craft Kit stencils which require cutting out first—my advice is to go for the pre-cut ones; the others take hours to cut out and I found it almost impossible to cut them out finely enough.



Stencil design from JoAnne C. Day's Pennsylvania Dutch Cut and Use Stencils.



Stencil design from The Art of Decorative Stencilling by Adele Bishop and Cile Lord.

The Country Collection costs £5.99 for a set of four or £2 each and are available from Paperchase, 213 Tottenham Court Road, London W1 and 187 Fulham Road, London SW3 and Rain, 42 Pimlico Road, London SW1. If you don't live in London you can order either the Country Collection (£6 for the set) or the Craft Kit (£3.50 for the set) directly from her at: Lyn Le Grice Stencils, Wells

Head, Temple Guiting, Glos. Another range of stencils to look out for is the Hunkydory range designed by Juliet Glynn-Smith—they too are to be found at Paperchase shops. Hunkydory designs are simpler and seem intended to be used more as borders or as repeats on panels. They, too, come complete with instructions on the back. They cost £1.50 each.

If you become really interested in stencilling there are two books that I would recommend—firstly, the Art of Decorative Stencilling by Adele Bishop and Cile Lord, published by Thames and Hudson at £8.95. This not only has such beautiful illustrations of the work that one is inspired to start right away, it also includes eight projects in detail (like a mirror frame, a chest, etc.).

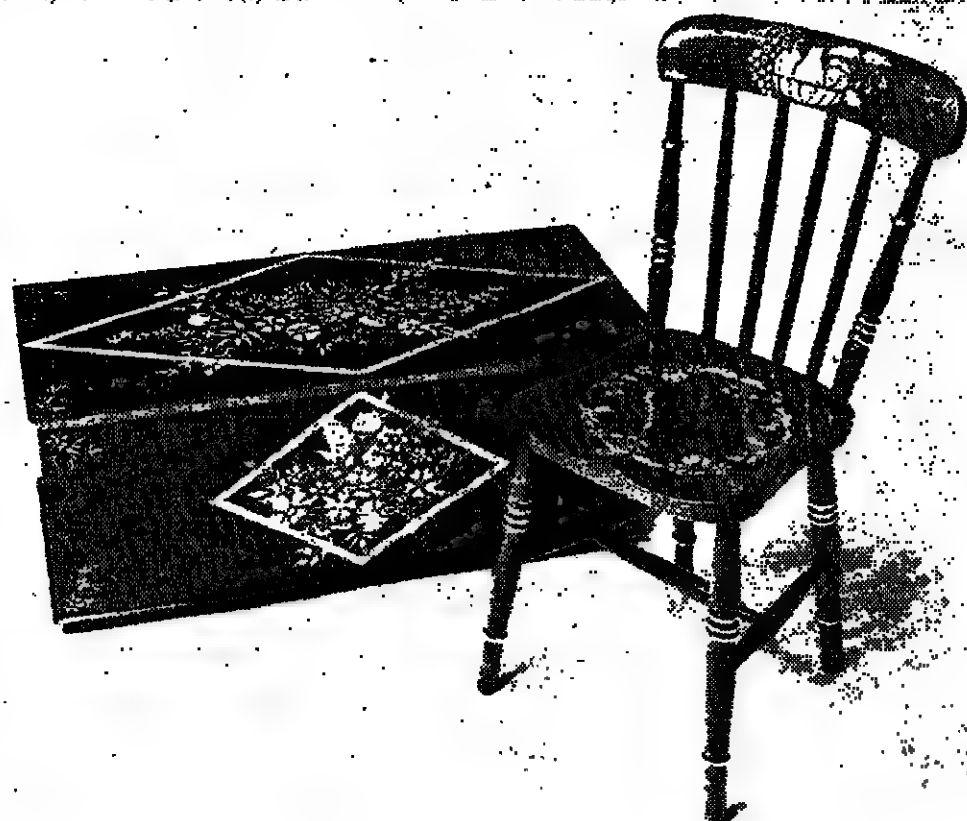
Secondly, there is JoAnne C. Day's book of Pennsylvania Dutch Cut and Use Stencils (Constable, £2). This has a simple, though very informative, two-page introduction while the rest of the book consists of 47 full-size stencils, printed on stencil paper which you can cut out and use at will. Many of the designs are quite charming, having the naive simplicity and directness about them that one associates with the most authentic stencil designs.

THERE IS undoubtedly much more work in stencilling than at first appears, so those who think they can't face all the hard work involved may well find that Christina Fraser and Caroline Thorp would be the girls to help out. They do a lot of stencilling themselves and have produced five fairly simple kits which you need to cut out with a scalpel yourself. They cost £3.20 each (including p + p and comprising four sheets each plus a knife), direct from them at 28, Glyn Mansions, Hammersmith Road, London W14. If you send them an s.a.e. they will send sheets showing the range of stencils from which you can select your design. However, they are also willing to undertake commissions to order and will happily stencil a plain kitchen chair or an elaborate full-size pine dresser.

Their style is rather different from that of Lyn Le Grice, since it is on the whole more highly coloured. Whereas Lyn Le Grice usually likes to stencil onto the plain wood colour, Christina Fraser and Caroline Thorp often work against a single glowing background colour.

They will either work on a piece of your own furniture (you could bring them your old kitchen chairs, your plain chests) or they will look out for the sort of thing you'd like.

They charge about £25 to paint and stencil a kitchen chair, whereas a blanket box, like the one in the picture, would be between £30 and £40 depending upon how elaborate

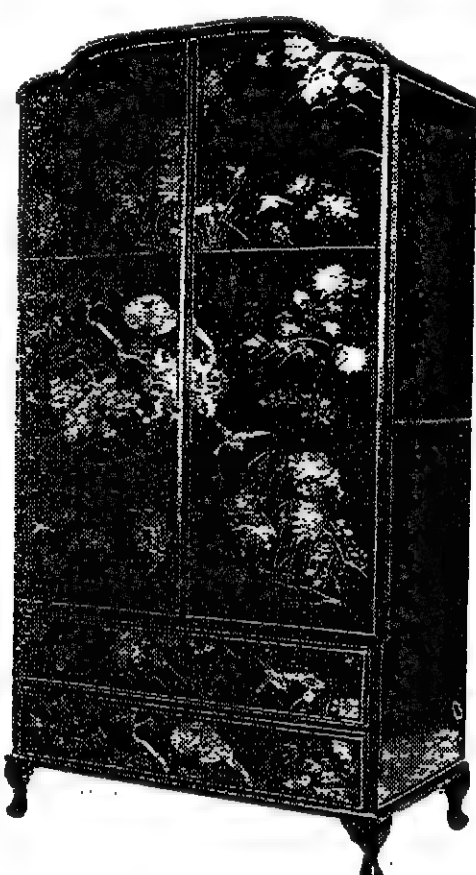


Old kitchen chair and blanket box decorated by Christina Fraser and Caroline Thorp

a design was wanted. A chest of drawers would cost from £50. Besides furniture they are also willing to tackle floors and walls and, naturally, the bigger the job becomes the more they have to charge. To do a floor area in an average-sized room

would be from £100. They strip and clean all the surface of the furniture first and then paint on undercoat and basecoat of gloss paint. They design and cut out their own stencil design and they then use enamel paint for the

stencilling—this all gives a much more solid, more definite effect than the very delicate, subtle one that Lyn Le Grice's spraying methods achieve. They finally paint on a couple of coats of polyurethane varnish to protect the design.



1920s walnut veneered wardrobe transformed by hand-painted lacquer. It now sells for £200 from D. D. Antiques

The range of stencil designs is increasing all the time. Paperchase are also importing a selection of American designs cut out in clear plastic which means it is much easier to check on how the paint is looking and to match up running patterns. £12.5 a pack.



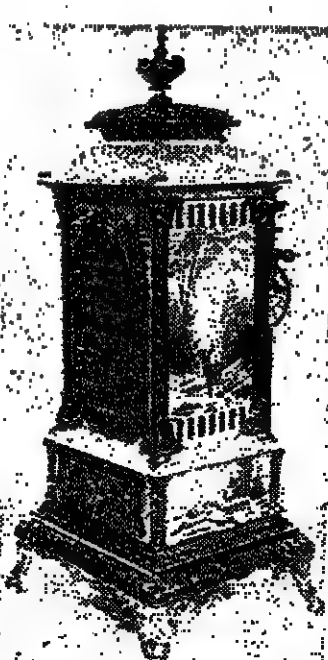
Stunning stoves

THOSE WHO, like me, find antique stoves irresistibly appealing should be sure of going along to the Old Hall, Royal Horticultural Society, Westminster before this coming Tuesday, 6th March. On display there at the moment is a most beautiful exhibition of antique stoves collected from all over Europe.

About 150 of them have been collected by the Solid Fuel Advisory Service and they feel that it is probably one of the last opportunities for the public to see a collection of artefacts made with such careful workmanship. Most of the stoves are exceedingly beautiful; the one illustrated here is one of the rarest and most beautiful of all. However, even the simplest of them display a high level of engineering technology and fine casting techniques, as well as a charmingly flamboyant approach to design.

Apart from the stoves collected by SFAS other importers and collectors of antique stoves also have displays at the Old Hall and anybody wanting to buy any of these stoves will be able to do so on the spot, in the normal way.

The stoves collected by the SFAS will be sold at an auction at Sotheby's at 11 am on Wednesday, March 7 and prices are expected to range between £100 and £2,000. The one illustrated here, being the most rare, is thought likely to fetch about £2,000.



One of the finest and rarest of the stoves in the collection on show at the Old Hall, Royal Horticultural Society, Westminster. It is a free-standing coal and smokeless fuel-burning stove with very fine detailing. Look particularly at the exquisite filigree work on the hinged cover. A German stove, made by F. Kupperbusch in about 1910 it is expected to fetch at least £2,000 at Sotheby's sale next Wednesday.

not available everywhere so these solid brass plates with hand-engraved numbers should answer a big need. They were specially commissioned by Knobs and Knockers, and cost only 85p each. Knobs and Knockers' main showroom is at 61-65, Judd Street, London, W.C1, but it has other retail outlets in Manchester, Leeds, Kingston, Guildford, Bristol, and Bromley; there are also shops within-shops at Harrods, Fenwick's of Brent Cross, and of Newcastle, Alders of Croydon and Debenhams of Harrow and Southampton.

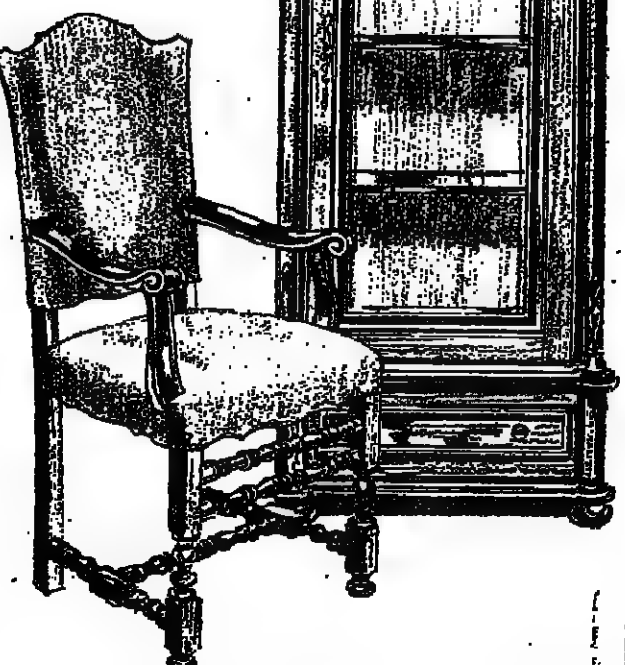
ATTRACTIVE DOOR numbers are not always easy to find. I'm rather fond of the blue and white French ones, but they are

BUONGIORNO ITALIA

Italy has come to Harrods! This Spring we are celebrating the Italian flair for design (and zest for life) with a wide variety of merchandise throughout the store—from furniture to fashion.

Italy is the source of many of the pieces in a delightful new department which specialises in country-style furniture. Whether you are refurbishing an old cottage, or lending a touch of character to a town house, you will find the perfect answer amongst the timeless designs in rustic timbers—beech, chestnut, oak, pine, poplar and walnut.

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Mono magic

IF YOU are shy and retiring and hope that at parties you will be noticed for your refined good taste, then Madeleine Mono is not your sort of woman. Madeleine Mono is something of a phenomenon in the world of cosmetics; an Englishwoman and a latecomer to the New York scene, within four years she built up her own multi-million dollar cosmetic company in one of the most competitive industries in one of the most competitive cities in the world. Madeleine Mono is a member of the well-known British fashion family who went to New York with her second husband just four years ago. She hated it at first, feeling like any newcomer to a big city, always on the outside looking in. Somehow she was going to get right in there where the bright lights were. She had always gone in for



Madeleine Mono

a dramatic style of dress and make-up—great, soft, exotically coloured eyes were her trademark and in America, where the natural, understated, healthy look was all the vogue, people stared. Women began asking her how she did it, where did she get the soft black lines from and so, in the smallest and most natural possible way, she started marketing Indian Kohl for the eyes.

From then on one thing led to another until this week she arrived back in London to launch her own complete range of eye, face and body make-up. Local girl had made good in a big way.

The products were launched in the best showbiz tradition; people shoved, mother cried, champagne flowed.

Most beauty houses base their reputation on their beauty care programmes—Madeleine Mono has started from exactly the opposite end of the spectrum. She deals in glamour, in colour and glitter for the eye, the face, the body. There are no face creams, cleansers, foundations—just sticks of glittering colour, pots of body gleamers, soft pen-

cils of iridescent shades. The great thing about Madeleine Mono's products are that they are fun. I don't see them for every day use nor do I see them as ideal for the retiring English rose. They need to be worn with panache and will be an ideal complement to the high-style fashion just coming in, when the strong, vibrant colours of the clothes will need to be matched with striking make-up.

Until March 26 Madeleine Mono's products are only available at Selfridges (after that they will be going into more and more stores)—anybody who feels like having some self-indulgent fun should experiment with as many of the crayons, pots and creams as they can afford. The colours are wonderful—it was particularly interesting to see how spectacular eyes could be made for evening. Experiment, too, with the Body Glitter and the High Voltage body gleamers.

Her prices aren't very high by today's standards—Indian Eyes (which are coloured crayons) are £2.00 each, Arabian Lights Powder is £4.50, the Haute Couture Kohl Crayon is £3.50.

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Every Saturday the Financial Times publishes a table giving details of BUILDING SOCIETY RATES on offer to the public. For further details please ring 01-248 8000, Extn. 266

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BOOKS

Era of Black Death

BY C. P. SNOW

A Distant Mirror: the Calamitous 14th century by Barbara W. Tuchman. Macmillan, £9.95, 678 pages

Mrs. Barbara Tuchman has achieved great success in the United States with her works of narrative history. For a longish period, narrative history was not well regarded by professional historians. It was dangerous and misleading, they argued, to say anything about history as a consecutive or synoptic story. What a conscientious person would do, was to examine the transfer of two fields in Northamptonshire during a few months in 1239.

It is not sensible to disparage the results of such microscopic investigations. The French have shown how they can correct, and sometimes transform, our pictures of the past. Still, one has an uneasy suspicion that cultures which shy away from narrative are in deep trouble. They are trying to abdicate from any sense of the future—although it would be more comfortable if everyone, everywhere, thought and wrote as though the future did not exist.

So Barbara Tuchman has ignored a contemporary fashion. That was taking a risk. She has probably paid some penalties. She has also had major rewards, including a big audience among people who do not normally read history at all. This country has not yet appreciated her as she deserves. It is time we did.

This new book, *A Distant Mirror*, gives us a chance to make amends. It is a study of the 14th century, which is a long way distant from August, 1974, and her other previous settings. She seems to have

chosen it, as the title delicately indicates, because she wanted to examine an epoch even more desolating than our own. She does it with immense spirit, human gumption and literary panache.

At a sweeping glance, there wasn't much to be said for the 14th century. The Black Death—which at its first visitation (there were several) killed, it is now generally agreed, about one-third of the population of Europe. It would take a remarkably effective nuclear war to produce a result like that. The period witnessed the first half of the Hundred Years War—one of the most absurd of all wars, which neither side could either win or finish; the sham of the last days of chivalry; the sham of the corrupted Church—with two Popes or anti-Popes according to politics, both of whom would have been more suitably accommodated in jail.

And yet, of course, as Barbara Tuchman keeps reminding us, ordinary existential lives and hopes were going on. It takes more than catastrophes, almost more than the apocalypse, to extinguish those. People still wake up in the morning as they have always done. We, who have lived through our own time, don't need telling that, and Mrs. Tuchman, who is a wise and experienced woman, brings it home, for better or for worse. If human beings were less resilient, we might have enough foresight to be warned of horrors to come.

Perhaps we should remember that the period of this book—1340 to the end of the century—coincides closely with the life of Chaucer. Chaucer, as a

minor diplomat, knew many of Mrs. Tuchman's characters, French and English, about as uninviting a crowd as ever affected to organise wars or conduct negotiations.

Yet the *Canterbury Tales*, as Derek Brewer reminded us last year, is one of the sunniest of great works of literature. Chaucer was a child during the great pestilence. He must have seen the results all round him. They shattered whatever was left of the medieval order. Yet there is only a casual mention of that somewhat upsetting act of God.

Mrs. Tuchman has had the ingenious concept of using one character as a connecting link in her story. He was a contemporary of Chaucer, a certain Sir de Coucy, otherwise unknown to fame (anyway, unknown to me) until Mrs. Tuchman resurrected him. He was a well-connected baron, with a large domain in Picardy, and a splendid, and unusually efficient, castle. He wasn't a great magnate by the standards of the families of Edward III and Jean II, but by ability in war, even greater ability in conciliation, he became one. He married a daughter of Edward III, and their daughter married Oxford, Richard II's most influential favourite. There was much to-ing and fro-ing between the English and French nobility, and French was the court language until the end of Edward's reign.

Coucy was an accomplished knight and a better military commander than most of the French, who were singularly inept. He seems also to have been less homicidal than anyone around, and less willing to indulge in the treacherous court in-fighting. He was personable



Barbara Tuchman and Mary Renault: ladies whose interests span ancient Greece and medieval Europe and whose new books on these subjects are reviewed today

and polite, which must have made a nice change. Froissart who worshipped all splendid knights worshipped Coucy with special fervour. As a pleasant grace-note to Mrs. Tuchman's study, he died appropriately at the precise end of her period. He was then aged fifty-seven, and was given the last of all his jobs as elder statesman leading the last and most famous of all Crusades, trying to save France from Sultan Bajazet's Turks.

Unlike most of the leading figures of his time, he does seem to have been occasionally capable of reason. Few of them behaved any better than a football crowd, and showed only

random spasms of common humanity, with the exception of the Valois King Charles V. He seems to have been out of his time, as capable of calculation and realism as Louis XI and Henry VII in the next century. But he had too much to cope with.

The French had at least five times the English population, but had no kind of central control, which in England the Angevins had imposed. The French nobles thought about nothing except individual combat, and hadn't an idea of how to run an army, even one of their small medieval armies, in battle. The English behaved atrociously

Black Prince, considered it appropriate in Guineen to devastate his own civilian population, so long as they weren't themselves with fire-power in the shape of archers and useful yeomen infantry. The English could never have kept their foothold in France for long. The country was too large, and despite the strenuous English looting and massacres, too rich. Nevertheless, they left a scar.

Mrs. Tuchman is the fairest and most judicious of commentators, but she can't help seeing the fourteenth century English as a special horror in a horrible century.

Fiction

Yiddish-speaking Nobel Prizewinner shows his form

BY ISOBEL MURRAY

Shoshana by Isaac Bashevis Singer. Jonathan Cape, £4.95, 277 pages

One Hell of an Actor by Garson

Kanin, Barrie and Jenkins, £4.50, 276 pages

Aaron ("Tsutak") Grelinger begins his account of his life and times by informing us

that he was "brought up on three dead languages, Hebrew, Aramaic and Yiddish, and the culture of the Talmud that went with them. Although his family had lived in Poland some six or seven hundred years, he knew only scattered words of Polish. So begins the elliptical, paradoxical story of a Jew from the Warsaw Ghetto, on the one hand representative of a tragic generation, on the other wholly individual.

His position is paradoxical: he cannot follow the rabbinical code of his father, but he can't wholly reject neither his race nor its God: one of his "agnostic" friends with a toy-hate relationship with the Jews says: "No evolution could have created them. For me they are the only proof of God's existence."

His position is perilous. Either he is "clearly a terrible threat. Stalin is clearly another. Tsutak and his friends see this perfectly and yet they do not attempt to leave Warsaw. Indeed, they see this corrupt city, Tsutak replies: "It's corrupt all over." He and his friends severely despair, frequently contemplating suicide: "things are bitter." The Warsaw Ghetto is a bleak and bitter symbol of the worst manifestations of humanity in our time.

His position is impossible. He is tempted to return to the "real Jewishness" of his forefathers but he cannot. He believes that "What the moralists called evil

was actually the order of life." "Perpetual despair" is the basic situation of all those with any insight, any foresight. The American Jewish actress Betty considers hereditary, and with imagery suited to the situation concludes: "A person is literally a cemetery where multitudes of living corpses are buried."

Tsutak is not permanently depressed, however. He lives a particularly full life, conscious that every day may be the last. He aspires to be a writer, and in his youth has only very limited success. With women, on the other hand, he has no problems, or only a few of timing. He describes himself at one point as "lusting after the whole female gender" and an American actress, Communist-worker, older Jewish intellectual and peasant maid seem equally anxious to fall into his arms. And in due course, and when he is alone with any one of them, so they do. But his really embarrassing moment comes when three of these appear to wish him well on the eve of his marriage.

He has passed up an offer of safety and financial security in America: he turns his back on intellectual company at home; he goes back to Shoshana. He had loved her when he was about eight, and already she was backward. Twenty years later, in a weird blend of chivalry, recklessness, wild desire and real love he marries a child-woman

who is transparently mentally sick. Tsutak believes that "a great number of young men in particular have a passion to kill," and only need a pretext. He shares the despair of his friends. But he can have faith in Shoshana, because of her limitations. She is childishly pretty, she is pure, she is gentle, and in all this she is different from the world around. And so he commits what he, his family, all his friends and maybe Shoshana herself know to be "a terrible folly." "In the half darkness I winked to my other self, my mad dictator, and congratulated him on his droll victory."

It is interesting how often these ideas of madness, sanity, folly, recur. In context, just before Hitler invades Poland, they are indeed ironic. Singer never spells out his ironies, but they both lighten the surface of his book and deepen its significance.

The handling of the subject matter is sure and subtle, and generally understated or humorous or both. Singer fulfils Tsutak's original aim: "I believed that the aim of literature was to prevent time from vanishing." Because he is a great novelist—the latest Nobel prize winner—Singer has done more than this: he cannot redeem the time, but he can recapture it within a sentimental, subject to it and produce a novel in which at

least some human beings manage to make some sense of their lives at perhaps the most cruelly senseless crossroads of history.

In *One Hell of an Actor*, Garson Kanin has produced an entertaining and ingenious novel in part about the history of the American theatre, in the person of a great actor-manager. It is also about the secrets of personality and the difficulties of discovering truth as over the years from 1940 to 1977 the narrator learns bits and pieces about his subject.

John J. Tumulty: America's greatest actor and a great man. Tumulty, the liar, cheat and womaniser. One of these? A bit of both? Time and again the narrator of the book deplores a satisfactory answer and puts aside his notes on the actor. But time and again something happens to re-open the file.

The material is rich, for Tumulty's life stretches from 1849 to 1930, and includes the early days of the Movies, the great San Francisco earthquake and a lot of elemental human eruptions on the personal plane.

Tumulty's story is in itself fascinating and vital: the dimension added by the slow accumulation and sifting of fact, non-fact and downright lies adds a true-to-life quality and makes this a remarkably good read.

BOOKS OF THE MONTH

Odds-On Investing: Survival and Success in the New Stock Market Eugene D. Brody and Betsy L. Bliss. Examines the most successful techniques used in the stock options market: how to run investments as "business"; how to profit from the market's volatility; and how to measure transaction costs, collateral costs, portfolio volatility, and portfolio bias. John Wiley & Sons, £10.50/\$31.00

ECONOMIC THEORY AND THE CORE Lester C. Telser. The theory of the core is an aspect of game theory. This pioneering work demonstrates a number of important applications of the core theory to major areas of economic theory. Published January. University of Chicago Press, £25.50

BRITISH ECONOMIC POLICY 1960-74 Edited by F. T. Blackaby. Describes what the Government did, why it chose the methods which were in fact used, and what the consequences were. "Scholarly and often fascinating," Barbara Woolton in *New Society*.

NIESER ECONOMIC AND SOCIAL STUDIES XXXI Cambridge University Press, £20.00 net

THE INNOVATION PROCESS IN THE ENERGY INDUSTRIES G. F. Ray and L. Uhlmann. This book concentrates on the flow of the innovation process in the energy industries and on the factors which affect it, with particular reference to W. Germany, Sweden, and the U.K.

NIESER OCCASIONAL PAPER XXX Cambridge University Press, £6.00 net

Training systems in Eastern Europe: A study of change in the organisation of training in the USSR, Poland and the German Democratic Republic. Follows developments over previous 10-15 years, analyses the various paths followed and sketches main trends and areas of concern. Highlights on similarities and points of divergence in policies adopted. ISBN 0-521-020917, £12.50; \$6.25; £3.15

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ISBN 0-521-020917 (hard cover) £F35; \$17.45; £8.45
ISBN 0-521-01891-2 (limp cover) £F25; \$12.45; £6.25
International Labour Office The cost of social security. Ninth International inquiry, 1972-1974

Establishes a consolidated statement of social security schemes' financial operations and provides an international comparison of data. Contains eight comparative tables, national accounts data, population data and consumer price indices. ISBN 0-521-02091-2, £F40; \$19.95; £10.00
International Labour Office

Technologies for basic needs. By Hans Singer, A-WEP study. 2nd impression 1979

This study suggests new criteria for establishing socially oriented technology policies in developing economies and demonstrates how technology can be related to the fundamental objective of satisfying basic human needs. ISBN 0-521-01773-7 (hard cover) £F30; \$14.95; £7.50
ISBN 0-521-01774-5 (limp cover) £F20; \$9.95; £5.00
International Labour Office

Multinationals in Western Europe: The industrial relations perspective. 3rd impression 1979. A study of industrial relations experience of multinational enterprises in food and related industries and in the metal industries in Belgium, France, Federal Republic of Germany, Netherlands, Sweden, United Kingdom. ISBN 0-521-01476-2, £F17.50; \$8.75; £4.40
International Labour Office

GUIDE TO PLATFORM REPAIRS, INSPECTION AND MAINTENANCE OFFSHORE Published by the Institute of Petroleum. This valuable guide, divided into nine sections, is an essential reference and research book, for any company involved in, or examining the market prospects for, repairs, inspection and maintenance offshore. Institute of Petroleum, London, £15.00—non-members £12.50—members

WIT'S END—DAYS AND NIGHTS OF THE ALGONQUIN ROUND TABLE James R. Gaines

This lavishly illustrated book tells the story of Dorothy Parker, Harpo Marx and others—members of the Algonquin Round Table, a group of glittering actors and writers of the 1920s. Harcourt Brace Jovanovich Ltd, £8.40

Some Arthurian legends

BY GEORGE MALCOLM THOMSON

Arthur Bryant: Portrait of an Historian by Pamela Street. Collins, £6.95, 231 pages

You do not need to read much in an historical work by Sir Arthur Bryant before you know a great deal not only about Britain but also about Bryant. His personality is one of the main threads of the narrative. He appears, not simply as an artist with a feeling for the emotional quality of words, as a technician who knows how to pick the illuminating, enlightening, arresting detail out of the rubbish heap of history and who has grubbed with his own hands through that rubbish heap. He emerges also, and above all, as a man warmly, indeed passionately, devoted to his subject.

Sir Arthur has over the years, and through a man a score of volumes, conducted a love affair with England. It is one way of writing history and not, perhaps, the most exalted. It has not the Olympian sweep of Thucydides, it does not provide the vast, scientific consensus of Braudel (although, come to think of it, it is the way of Michelet).

It is partisan, that is to say nationalist, as Macaulay's was partisan and Whig. Significant. Macaulay is, in Bryant's opinion, "the greatest of all English historians." Of course, he was morbid. All historians are morbid. It is an occupational disease, as they helplessly contemplate the recurrence of human folly and stupidity.

From that disease Bryant is, on the evidence of his work, singularly free. The final impression he leaves is that of a robust and genial optimism. Too much so? His

Charles II is perhaps too tenderly portrayed; his Samuel Pepys, a little inflated, beyond the busy civil servant and great comic character that he certainly was, into becoming a national figure, almost heroic. But so Bryant sees him and so he comes within a hair's breadth of persuading us to see him so.

For Bryant, history is essentially the history of the English people. It is no accident that in his early years he was an active producer of pageants—or that he said of them:

"I always kept everyone on the move. I wanted the thing to be alive. I wanted to make the living past involved in the living past."

This most successful of popular historians was born at the very core of the Establishment, on the fringe of the Court; his father was on the Prince of Wales's Secretariat. The family home was in Lower Grosvenor Place, on the Palace Wall.

He knew and keeps a nostalgia for the London of horse-buses and crossing-sweepers before "the long Victorian peace" came to an end. Harrow, to which he remained loyal, as could be expected, was followed by the RAF and a few months' service in France; after which came Oxford. So far, it was the normal development of a high-spirited, temperamental young man progressing along smooth, conventional ways.

There was a touch of the unusual when he, the young headmaster of an Art school, insisted that his students should draw from the nude. But something like a break-through occurred after his marriage to the daughter of a Cheshire landowner. Through a camouflaged door, he entered the family's munition room and found, in countless dusty

bundles, documents which told the life stories of generations of Cheshire worthies.

Pamela Street, for years Sir Arthur's personal assistant, provides here not only a biographical sketch of the man but a vivid impression, studded with anecdotes, of what it was like to work for, and with, this remarkable Englishman. To serve Bryant was not always easy; sometimes it was trying; always it was stimulating.

At one point in his life Bryant stepped out of his role as historian and tried to influence events. He flew to Germany in July, 1939, to meet a friend of Hitler whom he knew, Herr

Hewel. Through him, he hoped to persuade Hitler that it would be a mistake to go to war with Britain.

When he returned, he met Lord Baldwin who had encouraged him to go. The meeting between the two Harrovians took place at Lord's, during the Eton-Harrow match. Harrow were defeated. He told Baldwin what had happened in Germany. Baldwin looked grave. "Once, when he started to say 'The trouble is—I thought he was going to make some comment on my cheerless report but he simply continued 'Our bowlers just aren't good enough for them!'" However, Harrow won.

It was a war that nearly lost Carter the concession to continue working in the tomb. The

City in two

BY REX WINSBURY

The Ides of August by Curtis Cate. Weidenfeld and Nicolson, £8.95, 334 pages

This ambitious book will, I suspect, divide those who pick it up into two camps, as uncompromisingly as the Berlin Wall which is its subject. There will be those, and your reviewer is one, who find it unreadable. And those to whom it is the stuff of life, or at least of the Cold War. Chacrus a son mur.

The volume belongs to that school of American writing that eschews analysis and profundities, and seeks to set down in all its vast (and in my view often numbingly trivial) detail, what actually happened. The result is no less than 89 separate little slices of life covering the summer of '61 when the Wall was built, each written in strained Timesese of the style.

The mid-June sun was begin-

ning to disappear behind the gabled rooftops, lengthening the shadow cast by the equestrian statue of Duke Carl August over the warm cobbles of the Platz der Demokratie, as Erika Horn made her way towards the river.

The aim is no doubt a panorama. The amount of research work that has gone into it is obviously immense. Some parts of it are without doubt fascinating, like the picture of Ulbricht's private residential compound, shared with the other state and party bosses. Having crossed the Wall a few times (quite legally), I am no lover of it.

But the effect, for me, is that of a hammer-drill on the intellect, thudding lumps of prose that dull the mind after three or four vignettes, each written as a separate magazine article with its own introduction, its own straining after drama and significance.

Singer on Ceos

BY ROBIN LANE FOX

The Praise Singer by Mary Renault. John Murray, £4.95, 256 pages

Alternative strategists should take a look at the ancient Greek island of Ceos, scene of Mary Renault's new historical novel. Luxuries were banned. Private parties, weddings and burials were limited. Loose ladies were thrown out. There was no problem with pensioners. It is said that the over-60s were obliged to kill themselves before they became a nuisance.

The "Praise Singer" is the poet Simonides, born there in 556 BC. He lived for nearly 80 years, the tradition tells us, dying at the court of a Sicilian patron. He spanned momentous times, like an Englishman, say, who lived from 1550 to 1840. Mary Renault gives us all the great names as seen through his itinerant and marginal eye. She is, as always, worth reading. As a boy, Simonides saw the Ionian Greeks scatter westwards to escape the Persians. Theirs was one of history's most inspiring migrations.

His best years were spent with the last great tyrants: anything Polykrates could do, Samos, Peisistratus and family had to do better in Athens. Apart from Pythagoras and the vase-painters, the late sixth century was not an obvious high point of Greek culture. But Athens soon lurched into her remarkable democracy and before long the Persians were expanding into Europe. The Greek vicinities then helped a new self-confidence to burst out, above all at Athens. Simonides, the friend of tyrants and Thesallians, was too old to change. He moved most easily with those well-born Athenians who merely found themselves living under their democracy.

As a poet of athletic victors, he was at home with the international aristocrats, Greeks who liked to hear spirited nonsense about "Hellas" and congratulate themselves on birth, Spartanism and virtue. His elegies were famous. If more of his poems survived, he could be set beside Pindar, his younger contemporary in similar fields. He is known for the epigram on the Spartan dead at Thermopylae in

480 BC. "Stranger go tell the Spartans . . . it gives me the creeps."

A travelling poet who lived long is no easy peg for a novel. He shows up too clearly one of Miss Renault's conventions, that all the contemporary great names must drop in for a page or two and take a bow. I have never been at home with this, though Greek cities were small places. Often, too, they appear in historical in-jokes: Zoroaster and Pythagoras are the most amusing this time round. I cannot judge these as an outsider might. But even if you miss them, they are a major part of Miss Renault's business. For she reads all the original sources. At times she believes too much and diverts her plots for the sake of some ancient fiction. *The Praise Singer's* weakness lies less in its fiction than its review of too much fact too fleetingly. It is elegiac, an old man's memoir. But a book about a poet must come more closely to grips with his poetic art and output. I did not think that she quite brought this off. Personally, I cannot bear the dialogue and speech. She wants both a reverent and a familiar tone for her ancient Greeks. I cannot suspend disbelief when they speak her English. At times, inevitably, they are quaint. Ingeniities do not make up for that.

There are some good social observations, not least one on the changing sixth-century attitude to trade. Historians should note this. But she is stronger on psychology, on Simonides and his father, than on other bits of the social context. That, too, is probably inevitable, though I doubt if the two can be so detached. Among her strengths, there are some fine geographical flashes and a previous awareness of men's age and their changing generations. Throughout, there is a sense of panoramic eye for the interesting events at any one time. By helping them to collide, she imparts a sense of the fascinating span of Simonides' life. This is not her best book. But it is a far more compulsive spur to an interest in the age than any straight history of Greece. That, most importantly, is not the least of Miss Renault's own intentions.

Tut, tut . . .

BY DAVID FREUD

Tutankhamun: the Untold Story by Thomas Hoving. Hamish Hamilton, £7.95, 384 pages

It took Howard Carter five years of digging to discover the tomb of Tutankhamun. Thomas Hoving has spent nearly as long digging out the real story of what happened afterwards, in the 10 years from November, 1922, when the find was being excavated.

He reveals that dispassionate science came a poor second in the acquisitive and political whirlwind round the famous boy-Pharaoh's mummy and the possessions stored with it for comfort in the after-life.

Carter and his patron Lord Carnarvon were deeply concerned to retain a healthy share of the discovery and the New York Metropolitan Museum of Art contributed open-ended expert help with a similar ulterior motive. Mr. Hoving, as a former Head of the Museum, is well-placed to dissect the ambiguous machinations involved.

While nationalist politics intervened to prevent the desired carve-up, nevertheless the Metropolitan emerged with several superb pieces that are now coyly labelled as "probably from the tomb of Tutankhamun."

The book lays one myth—of the mummy's curse which was blamed for Lord Carnarvon's death as well as a series of others. In fact, the tomb contained no curse and the Press was to blame for spreading a totally unfounded story.

The Press came out particularly badly in the account. The coup of the Times in winning a world exclusive on the running story was deeply resented by other newspapers. Peevishly they reacted by blackening the excavators at every opportunity and soon there was all out war between Carter and the "opposition" Press.

It was a war that nearly lost Carter the concession to continue working in the tomb. The

blister dispute between Carter, the Antiquities Service and the new nationalist government culminated in Carter going on "strike" and being literally locked out.

There was a disastrous court case which caused ruin in Cairo, before Carter humbly himself renounced all rights to the contents of the tomb and returned to work.

The humiliation marked a turning point in the history of archaeology. Up to then the most scrupulous of excavators had something of the treasure hunter in them—protestations of scientific disinterest notwithstanding.

True to form, Lord Carnarvon expected to recoup his enormous outlay in booty. In the end Egypt paid the cost of the excavation and took the complete contents of the tomb—except for those pieces Carnarvon and Carter were able to carry out in their side pockets.

Some of the treasures have been displayed in the Tutankhamun exhibition around the world. Most, however, lie in the Egyptian Museum of Antiquities, Cairo, slowly deteriorating, cracking apart, dying.

The poor treatment of the discovered treasures provides strong support for the argument of Rider Haggard, who wrote to *The Times* in 1923 that the Pharaohs should be sealed in concrete in the base of the Great Pyramid rather than "laid half-naked to rot in a glass case at Cairo. Yes, to rot, for thus exposed I doubt whether any of them will last another century."

And what of Tutankhamun himself? The excavation posed more questions than it answered. Why was the name Tutankhamun, after the heretical worship of the Sun-God Aten, inscribed on his throne? Why, if he was only a puppet-king, did one of his successors, Haremhab, try to destroy all public records of him? The story behind the most famous face of the ancient world remains as hidden as ever.

I'LL WALK BESIDE YOU ROBERT HOLLES

An ingenious writer . . . warmly recommended to those who enjoy a sophisticated ghost story. *Auberon Waugh, Evening Standard*

HAMISH HAMILTON £4.95

COLLECTING

Dear Willie's follies

BY JUNE FIELD

All well-known writers in Somerset do it. Somerset and all the Maughams do it.

Noel Coward lyric.

AN EXCITING collection of

first editions and allied material

of W. Somerset Maugham (1874-

1965) is being offered for sale

by Bertram Rota, British part-

Director Anthony Rota told me

that the books and other material

were put together by a private

collector who practices law on

the West Coast of the United

States. The collection is par-

ticularly strong in inscribed

and presentation copies, and

includes some letters from

Maugham to his online

literary agent, Maurice Colles.

It is a remarkably comprehen-

sive collection and includes film

scripts for some of the films

based on Maugham's novels, as

well as magazine appearances

of short stories, foreign trans-

lations and that sort of thing.

The detailed catalogue takes

the form of a master set of

photographs of the owner's cat-

logue cards, which will be avail-

able only to those customers

who might be expected to give

serious consideration to buying

the collection intact. Items will

not be sold separately.

Price for the collection is

£20,000, and the catalogue has

already gone out to the library

of an American university. The

colles correspondence is par-

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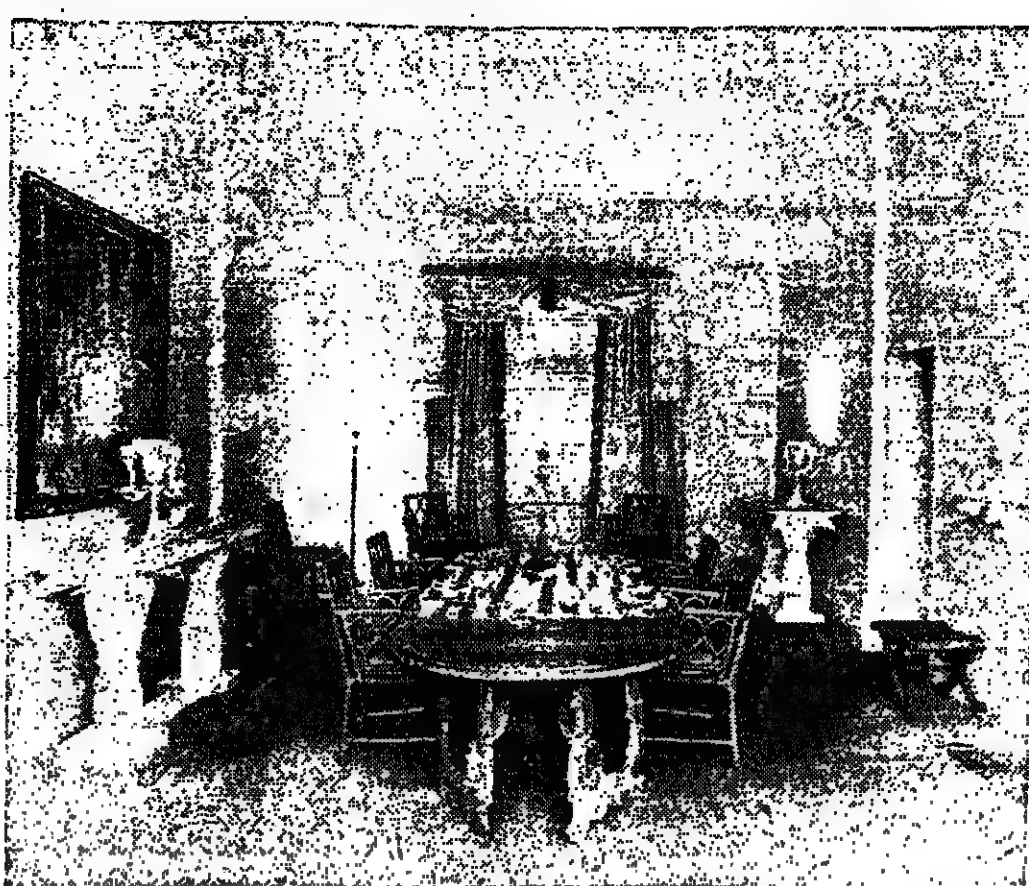
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White dining-room at the Pavilion, 1934, from Richard Fisher's *Syrie Maugham* (Duckworth), an evocative first study of the interior decorator who was married to W. Somerset Maugham for 12 years.

of *A Dictionary of Drugs* and a biography of Joseph Lister, says, "understandably, that he wrote *Syrie* as a form of relaxation between the two."

The book is a real delight, conjuring up as it does the moods and manners of the 1920's and 1930's, when *Syrie* (1879-1955) was at the height of her success as an influential interior decorator and society hostess. The daughter of Dr. Barnardo of the famous children's homes, her first disastrous marriage was to Henry Wellcome, founder of the equally well-known pharmaceutical firm. Many of the anecdotes of the day are quoted, including the one of the then Prince of Wales and Mrs. Simpson at *Syrie*'s *claret party* in her King's Road house in 1933, being discovered by Lady Furness "in *Syrie*'s small library quite alone."

Referring to *Syrie*'s second failed partnership, bearing in mind her husband's friendship with Gerald Haxton, Richard Fisher comments: "It was not preordained, the collapse of the Maugham marriage was certainly on the cards." It was obvious that the pair had been leading separate lives for some time, and a divorce decree was granted in 1928.

The author, who never met *Syrie*, discovered that it was easy to be fascinated by her

but not so easy to love her—"the sparkling eyes could be sharp, and the pert expression and staccato, high-pitched voice were scarcely to everyone's liking." Photographers Michael Miller and Ross-Wills, partners in Miller and Harris, whose original studio was near *Syrie*'s first shop in Baker Street, are responsible for many of the excellent photographs in the book, and they recall "a rather difficult lady, professional, but very fussy, often getting quite obnoxious if things didn't go right."

When you study the illustrations you realise their immense appeal for collectors of the period. There are Marion Dorn, Oliver Messel accessories, some Jan Jutta glass and magnificent mirror screens. Yet many of the settings have a timeless quality—a colour shot of *Syrie*'s King's Road drawing-room complete with backgammon board, published in *The Studio* for February 1933, could be of today.

Although she loved colour, white was her main dramatic contribution to the stuffy suburban decor of the day. Cecil Beaton insisting that white was the real identifiable *Syrie*. The dining-room in the Pavilion, the turreted Victorian folly on the estate of Baron Ferdinand de Rothschild at

Waddesdon, near Aylesbury, that *Syrie* converted for herself in 1934, had white plaster "palm trees" supporting the ceiling, mantelpiece and console tables, and curtains of white felt. The other hallmark of *Syrie*'s style was furniture finishing such as painted furniture with a textured surface as though it had cracked, known as *cracklure* after the crazing of the glaze on ceramics, along with pieces she could bleach or pickle. When Noel Coward stayed at the Villa Eliza, Le Touquet, presumably named for the Maughams' daughter, *Syrie* bought a Provencal armchair from a country dealer. "She'll pickle it before you can say knife," Coward is said to have remarked, summing up his hostess in a second.

For more on the Maughams: *Somerset and All the Maughams* (Longman and Heinemann 1968) by Robin Maugham (Lord Maugham) — *Willie's* nephew, who also wrote his autobiography *Escape From The Shadows* (Hodder and Stoughton 1970). Anthony Curtis's centenary study, *The Pattern of Maugham* (Hamish Hamilton 1974). Fred Bason's bibliography (Unicorn Press 1931) and Raymond Toot's *Maughams* (Heinemann 1950 with supplements in 1936, 61 and 64).

IT IS often right for a defender to lead trumps, but the decision must not be taken lightly. There must be a good reason for surrendering the tempo conferred by the lead. I am not concerned today with the negative side of the trump lead, selected as a passive defence, but when the trump lead is decided upon as the best method of attacking the declarer's position.

Let us first consider a hand from an old Par Contest:

N	
♠ A J 5 3	
♥ K 10	
♦ J 4	
♣ A 10 8 3	
E	
♠ K 10 7 4 2	
♥ 7 4 2	
♦ 8 5 2	
♣ J 4	
S	
♠ 8	
♥ 8	
♦ Q J 9 8 6 3	
♣ K 9	

West deals at love all. North bids one club, and East says one diamond. Overcalls on four-card suits are not generally recommended, but here there

is little danger of a double, and it may be vital to get the right lead if South becomes declarer. South bids one heart, North rebids one spade, and South says two hearts. North rightly raises to three hearts, but South has had enough.

West's lead of the diamond eight indicates that he has only three cards in the suit, and that consequently South has four. East sees the need for playing

the clubs, West will ruff. In either case the contract will be defeated.

As well as I remember, when this hand was played, only a handful of the East players saw the correct defence—many experts were found with red faces.

Now let us see the same type of defence employed by an imaginative West, even before he saw dummy exposed on the table:

With North-South vulnerable,

West dealt and opened the bidding with one heart, and North overcalled with two diamonds. East passed, and South said two spades. North now rebid three

NxN, BxR, or 13 Q-B1, BxR; 14 QxR, NxR; 15 QxN, P-Q5; 13 BxR, NxN; 14 Q-B2, NxR; 15 QxN, B-N5; 16 B-N2 (more flexible is 16 P-KR3 at once), P-Q5; 17 P-KR3, P-Q6!

The late Dr. Tarrasch always used to insist that the isolated

QP from his defence was a potential attack, while Nimzovitch, his arch-enemy in chess theory, liked to remark on a passed pawn's "lust to expand." Both would have enjoyed the QP's march, which continues at move 28.

18 Q-Q2? (better Q-Q1, avoiding the breakup of his K-side),

BxN; 19 PxB, N-K4; 20 BxN,

RxB; 21 K-R2, Q-Q2; 22 K-RN1,

1 N-KB3, N-KB3; 2 P-Q4,

P-B4; 3 P-B4, P-K3; 4 P-K3,

4 P-Q5 leads to the Benoni,

a defence which Nunn knows

well; so Darga responds to

a system fashionable in his

active tournament chess period

20 years ago.

4... P-Q4; 5 B-P4, K-P4; 6

B-K3, N-B3; 7 O-O, P-P4; 8 NxP,

B-Q3; 9 N-QB3, O-O; 10 N-B3,

R-K1; 11 P-QN3, N-K3.

After several transpositions,

this has become a Semi-Tarrasch

(a variant of the Tarrasch

Defence where White plays

Bf4 and Black replies

Kf3) with colours reversed.

Black's last move is a new and

interesting gambit: if 12 NxP,

B-K3 (threat B-B4, BxN; 14 QxR,

Q-B3, or if here 18 K-R1, BxP,

12 B-N2, B-QR8!

A second surprise — if 13

CHess

LEONARD BARDEN

SIMULTANEOUS defeat and victory was the paradoxical outcome for England in the Lansing Bagnall sponsored European team match against West Germany at Hartley Wintney last month. The defeat was in the individual match, 7-1; but the more important group points total which reads England 21, West Germany 21, Wales 5.

Remembering that West Germany was fourth in the world team championship at Buenos Aires and that they were for many years the undisputed top chess nation in Western Europe, to knock them out is a good result.

Full results, with England names, first, were: Miles 0; Hubner, Stean 1; Unzicker, Keene 0; Pfefer, Harrison 0; Reicht, Nunn 1; Darga, Nunn 1; Soos, Speelman 1; Soos, Speelman 1; Lau, Merk 0; Lobron, Webb 1; Borik. The best performances for England were the victories for Stean and Nunn over strong grandmasters, while the German successes were Hubner's win from Miles, Pfefer's double point against Keene, and the promising debuts of the teenagers Lau and Lobron.

We are likely to be the only finalists from Western Europe

BRIDGE

E. P. C. COTTER

N	
♠ 14	
♥ 8	
♦ A Q J 10 3	
♣ A J 9 8 7	
E	
♠ A 7	
♥ A K Q 10 4	
♦ 9 8 5 2	
♣ 8 4	
S	
♠ K Q 10 9 8 2	
♥ 9 7 2	
♦ K 6	
♣ K 5	

trumps, but if he plays Ace and another, the declarer will be able to discard his losers on dummy's clubs.

The solution, though simple, does not spring to the eye—it is to return the five of hearts. This starts the attack on trumps, but retains control. If declarer plays a diamond, East can win, cash his trump Ace, and defeat the contract with diamonds. If he attempts to get discards on

NxN, BxR, or 13 Q-B1, BxR; 14 QxR, NxR; 15 QxN, P-Q5; 13 BxR, NxN; 14 Q-B2, NxR; 15 QxN, B-N5; 16 B-N2 (more flexible is 16 P-KR3 at once), P-Q5; 17 P-KR3, P-Q6!

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Q-B3, or if here 18 K-R1, BxP,

12 B-N2, B-QR8!

A second surprise — if 13

White (to move) is three

pawns down in this endgame

and under normal circumstances

Black would expect to win

easily. White has various queen

and bishop checks as well as

other moves; can he save the

game?

Solutions Page 16

White plays and compels

Black to checkmate him in two

moves; a selfmate problem by

E. Boswell (Chess, 1951).

Solutions Page 16

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Solutions Page 16

Solutions Page 16

Solutions Page 16



Experience & Expertise

No. 369



Fine Feathers

Symbolising peace and valour, the elegantly long-tailed Japanese cockerel is one of the Twelve Animals of the Oriental Zodiac and in Japan represents the Sixth hour of the evening, approximately six to seven p.m. in European time.

This ivory netsuke of a watchful cockerel guarding the hen beside him is a classic example of the precise and brilliant artistry of the great nineteenth century carver *Kaigokuji Masatsugu of Osaka (1813-1892)*.

Dating from the latter part of the century, those golden years when Masatsugu was at the height of his powers, it shows clearly his mastery technique and fastidious selection of material.

When working in ivory, Masatsugu used only the finest part of an exceptional tusk from a mature Asian elephant, so producing flawless carvings with a lively and lustrous sheen.

This constant struggle for perfection ensured that his animal netsuke in particular were always superbly composed and faultless in every detail, especially in the fitting of the eyes which seem so completely natural as to be about to blink; his models are rarely conventional and show the greatest refinement combined with exquisite taste.

The netsuke illustrated displays all the features of Masatsugu's finest work: it will be included in Christie's sale of *Fine Netsuke and Inro* to be held on March 6th. For further information on this sale and sales of this kind, please contact William Tilley at the address below.

Christie's Fine Art Auctioneers since 1766.
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ARTS 2

Regeneration of Spitalfields

ARCHITECTURE
GILLIAN DARLEY



Fournier Street, with Christ Church Spitalfields in the background

A few hundred yards from the City, the Spitalfields district remains for many a dimly remembered name - a place somewhere out in the East End. The extraordinary fortunes of this area are best illustrated by a single building in Fournier Street which encapsulates the history of the district. Built in 1743 as a Chapel for the local population of silk weavers, many of Huguenot origin, it then became a synagogue in the 19th century. Today it is a mosque.

Once competing with Genoa for the silk-manufacturing centre of the world, Spitalfields began to decline as early as the late 18th century, when the splendid houses of the wealthy weavers were split into tenements and the redoubtable light was added to a composer of workshops. Yet the 18th and 19th-century terraced housing which makes up the major part of the area has proved extraordinarily adaptable to these changes. The present-day clothing trade, almost exclusively Bangladeshi, operated out of panelled rooms, hardly maintained yet virtually intact in their domestic detail.

Rising above the grid of streets that runs back to Brick Lane and across the Commercial Road, bordering the market, is Christ Church, Spitalfields. Hawksmoor's forgotten masterpiece, since 1957 unprecedented demolition has done more to destroy the fabric of the area than two centuries of slow decay could achieve. Of the 280 18th and 19th-century buildings surviving, 90 have now gone. Alongside, as the housing was destroyed or continued to deteriorate, the church suffered a parallel fate. Unable to support a congregation and, equally, with a congregation unable to support the maintenance of the building, the Rev. Eddy Stride had to take his congregation elsewhere, although continuing to use the crypt of Christ Church as a centre for the church's activities. The church was therefore not officially abandoned and stood in limbo - though important roof repairs were carried out in this period. Two and a half years ago came a turning point. At a meeting held in somewhat primitive conditions, in the fading light - here being no electricity - and with an eminent audience seated in assorted mattresses, bed-

steads and broken chairs, the Friends of Christ Church Spitalfields was formed - pledged to bringing this magnificent church back into use, both for worship and for music.

This year is the 250th anniversary of the building and restoration is to begin in earnest - immediately after the anniversary concert which is to be held between June 22-30 and which will include performances by John Shirley-Quirk, Peter Pears and Mstislav Rostropovich. Architects William Whitfield and partners plan to reinstate the side galleries which will give back the proportions of the Hawksmoor interior. The Friends have launched a national appeal for funds - £600,000 is needed for the main repairs, £200,000 on additional works which will fit it for concert use, and a further £100,000 for the restoration of the superb Baroque organ. Up to now concerts have taken place in a patched-up building, with the major repairs complete the original architectural splendours of the church, which can rank with many of the great Roman churches, will be revealed - one of the absolute masterpieces of British architecture.

If the church, both its interior and its massive, quirky exterior is the visual focus of the area it is the housing around it which gives Spitalfields its unique character. Purpose built weavers' houses in Elder Street, fine mansions in Fournier Street and the lesser terraces which consolidate the district are almost all in poor repair.

To avert further deterioration of the architecture of the neighbourhood, the Spitalfields Trust was set up in May 1977 to safeguard the housing - its declared aim to prevent the loss of a single further Spitalfields house. It aims to be a catalyst within the area, carrying out repairs and rescuing or letting the properties and, in the words of their manifesto "by acting purely as a vehicle to pass the buildings on to sympathetic owners with covenants which ensure that they are repaired and properly treated."

At present the Trust is concerned with the future of 17 buildings in the area and is carrying out major restoration on numbers 5 and 7 Elder Street, the "key to an already endangered street."

The feature for Spitalfields will, the Trust hopes, favour the existing buildings - the fabric of a corner of London unique in its links with a working past. Spitalfields, its housing safeguarded and cared for, its triumphant church restored to use, will be proof of the active commitment of a few people to the historic and architectural value of this small, invaluable area.

Friends of Christ Church, Spitalfields, 45, Chalcut Road, NW1; The Spitalfields Historic Buildings Trust, 3, Park Square West, NW1.

COINS

JAMES MACKAY

SINCE February, 1956, when it was instituted, the Victoria Cross has been awarded on no more than 1,343 occasions, and it thus constitutes the rarest of all the premier gallantry awards, comparing favourably with the Médaille Militaire, the "Blue Max" and the Congressional Medal of Honor. It is the only British gallantry award which has no intrinsic value, being produced from bronze scrap which was originally a Russian gun captured at Sebastopol in the Crimean War. Conversely, it carries an automatic entitlement to an annuity. Originally this was fixed at £10 a year but in 1938 it was raised to £50 if the recipient was poor; 60 years later the annuity was raised to £100 and awarded to all 220 surviving recipients, regardless of their circumstances.

The cross was awarded for bravery in the face of the enemy, but on six occasions it has been given for acts of bravery not on the battlefield. Five of these awards being to a surgeon and four private of the 24th Foot (South Wales Borderers) for saving the lives of their comrades in a shipwreck off the Andaman Islands in May, 1867. In 1839 the cross was extended to civilians. Three magistrates were awarded the VC during the Indian Mutiny and four during the Afghan War. Nowadays civilians would be given the George Cross, instituted as the civilian equivalent of the VC. Women are eligible for the VC but so far none has won it. Considerable controversy was raised because Odette Hallowes and Violette Szabo were awarded the GC instead, though they had shown great courage in the face of the enemy.

Posthumous awards were not made until 1902. Officers and men who were nominated for the VC but died in action or from their wounds did not receive the cross, though the award was listed in the *London Gazette*. King Edward VII decided that the VC should be given to relatives of dead recipients and this was made retrospective, right back to the Crimean War. During the First World War crosses were given posthumously on several occasions. So far as the collector market is concerned posthumous crosses tend to be less highly rated than those which were actually worn by the recipient. On the other hand, they are usually in a much better state of preservation, and this is true

The Cardinal Investment Trust Limited

Extracts from the Report and Accounts and the Statement of the Chairman, Mr. R. H. Wethered.

	1978	1977
• The year in brief		
Total revenue	£1,346,448	£1,090,419
Revenue before taxation	£857,009	£707,626
Earnings per share	4.76p	4.08p
Dividends on deferred capital	4.5p	3.9p
Valuation of investments	£20,778,715	£20,224,540
Invested in equities	92.62%	90.90%
Invested in Great Britain	58.16%	63.40%
Invested in overseas companies	41.84%	36.60%
Net asset value per share	156.1p	147.6p
Net asset value of £100 of convertible loan stock	£126.45	£119.54
• Dividends:		
The total of 4.5p for 1978 represents an increase of 15.4% over last year. Dividends have now increased by 50% over the last three years.		
• Assets:		
Net asset value of the deferred shares increased by 5.8% over the year. This compares with a rise of 2.7% in the F.T.-Actuaries All-Share Index and a fall of 3.2% in the Dow Jones.		
• Scrip Issue:		
A one for three capitalisation issue is recommended.		
• Policy:		
The Company's policy is to improve shareholders' income to the greatest possible extent without jeopardising capital growth.		
Copies of the Report and Accounts may be obtained from the Secretary.		

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Turnover	Profits £1,000's
£14,325,480	
Profit before tax	
£1,053,968	
Earnings per share	
17.04p	
Dividends per share	
3.00p	

Annual General Meeting to be held on 30th March at Chamber of Commerce, 75 Harborne Road, Edgbaston, Birmingham 15. Copies of the Report and Accounts are available from: The Secretary, Hill and Smith Limited, P.O. Box No. 4, Brierley Hill, West Midlands, DY5 1JL.

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ROYAL FESTIVAL HALL
Philharmonia Orchestra
Sunday March 11 at 7.30
Ling Tung
Peter Katin

Dvorak
Beethoven
Berlioz

Husika Overture
Piano Concerto No. 2
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£1.20, £1.80, £2.40, £3, £3.60, £4.20 from Hall (01-928 3191) & Agents

IGS

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HAMLET OVERTURE
SYMPHONY NO. 5 (PATHEMETIC)
LONDON SYMPHONY ORCHESTRA
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Thurs. 8 p.m.	Philharmonia Riccardo Muti Sylvester Richter	Philharmonia Riccardo Muti Sylvester Richter
Sun. 7.30 p.m.	Philharmonia Riccardo Muti Sylvester Richter	Philharmonia Riccardo Muti Sylvester Richter

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JULIAN BYZANTINE: Guitar
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BRAHMS: Sonata in F minor, Op.5
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YEAR OF CHANGE
Extract from the Statement of Mr. Eric C. S. Buist (Chairman and Managing Director) circulated with the Report and Accounts.
Buist Motors Limited. Contribution to Group profit down on previous year. Turnover has increased, but profit margins on vehicle sales have been under heavy pressure.
Availability of cars, but not light vans, has been overall good. It is vastly improved as the year went on and the autumn of 1978 saw a virtually uninterrupted production run. Sharp sales have been good from restricted supply, and the Leyland Redline sales have had a much better year.
The loss of a high percentage of trade sales discounts is painful for a distributor-orientated organisation and the change-over to account on retail sales has proved more difficult than envisaged.
Parts sales reached record levels, and service department activity has been maintained and increased. There is a clear improvement on the comparable period of 1977.
Paymaster & Stadium Limited. The target which we set ourselves for the sale of ERF trucks has been achieved. The number of units is an all time record for the company. Parts and service activities have increased. The new depot at Stockton has run profitably throughout the year. The marine and industrial section has made good progress.
All this increase in the tempo of our activities has resulted in record turnover, but slightly reduced pre-tax profit. Profit margins generally have been well maintained.
The current year has started well and trading activities are satisfactory.
Kellett & Pick Limited. A year of record turnover and profit: a valuable contribution to group profits. A record number of tractors have been sold during the year.
The current year has made a splendid start with sales well ahead of the comparable period of 1977. There is every reason to believe that one can look forward to another successful year's trading.
In Conclusion. It can be said that the first few months of the current year show improved figures over the comparable period of 1977/78. In view of the current situation I find it impossible to make any prediction of the outcome of trading for this year.

	1978	1977
TURNOVER	17,482,805	13,704,041
GROUP PROFIT before Taxation	323,934	325,047
GROUP PROFIT after Taxation	162,522	151,834
ORDINARY DIVIDEND	64,442	57,710

EARNINGS per Ordinary 10p share 3.9p 3.7p

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But for some the wars live on. The disabled from both World Wars and from lesser campaigns, now all too easily forgotten; the widows, the orphans and the children - for them their war lives on, every day and all day.
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FINANCIAL TIMES

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Saturday March 3 1979

Pause for thought

THE VOTERS of Scotland have delivered what looks uncommonly like the coup de grace. Mr. Callaghan's unhappy administration may survive long enough to introduce a Budget, but even if it does, Mr. Healey can no longer count on more than a vote of continued supply. Oddly enough, the week which has produced this crushing political reverse has also seen some abatement of the domestic and foreign dramas which were causing so much excitement only a few days ago. Little is at all clear, still less is settled, but the pause at least makes it possible to assess a little more calmly the prospect facing the next Prime Minister.

Overseas the threats posed by events in the Middle East and Vietnam seem a little less stark in one respect, but worse in others. The measured response to China's punitive adventure in Vietnam gives reason to hope that that situation can be contained, though it should have been given pause to those in this country and still more in the U.S. who seemed to see in China a new market, a new oil supplier and even, at the extreme, a new ally.

Iran's oil

In Iran, the situation remains difficult, but it is becoming clearer that if the government of Dr. Barzagan is capable of getting control of the country, the outcome of the revolution may be rather less extreme than had been feared. In particular, it is clear that Iran urgently wants to resume oil sales, because it needs the revenues.

Unhappily nothing can be taken for granted, because it is clear that in the new situation created by the Iranian revolution, Dr. Sadat fears that Egypt could become isolated; he can only assume the role in which the Americans wish to cast him, as their most substantial ally.

If the Americans can deliver some rapid progress towards a settlement on Egyptian terms with Israel, the tense talks between President Carter and Mr. Begin do not, on the face of it, look hopeful; the possibility of renewed Arab pressure through oil restrictions remains a real one, and the supply cuts by the oil companies, together with the energy-saving programme announced by the International Energy Agency, are a prudent precaution against future trouble as much as a reaction to the loss of Iranian supplies. The Middle East, always a festering sore, is nearer to eruption than for some years.

This threatening international scene must be seen strongly in mind in considering our own prospects. In one sense, we are far more strongly placed than most industrial countries; we will be 90 per cent self-sufficient in oil by 1980. However, this would not all be gain even if it were conceivable that we would make no contribution to meet-

ing a world-wide crisis. Our relative immunity to Middle East threats has already stimulated renewed international interest in sterling.

Exaggerated rumours of foreign buying were part of the explanation for the unprecedented jump in the value of government stocks last week, which left investors in the new taps with a profit of well over £200m. It poses real problems for the monetary authorities, since any attempt to check domestic credit demand through high interest rates may prove self-defeating if it attracts large inflows; and the alternative, which is to allow the exchange rate to deflate the economy through a squeeze on profits, is not attractive.

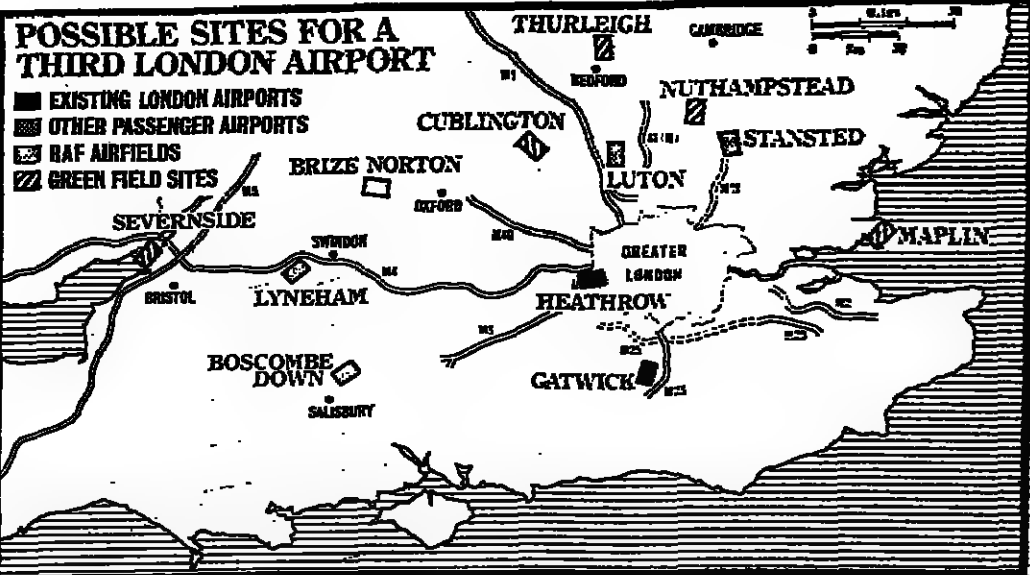
Exchange controls

In these circumstances, drastic changes in exchange controls and monetary management are being strongly canvassed once more, and such possibilities are bound to be unsettling. Whether they are made or not, the Iranian crisis and the rise in the effective sterling exchange rate already seen as a result are likely to change our economic prospects significantly. The pre-1974 consensus, reflected in the latest forecast from the London Business School, looked for real growth of 2.5 per cent, with a decline of 3 per cent or so in sterling. In the new circumstances, with a threat to demand in the outside world, and substantially improved terms of trade, inflation is likely to be lower and real consumption higher than forecast; but output and especially profits will be subdued. The market reaction to other events this week, which has stabilised gilts but seen equities relapse, seems to match this prospect.

Wage pressure

So far as purely domestic factors are concerned, the news has been considerably better than many observers have expected. Apart from an apparently quite reasonable settlement with the miners, there is growing evidence that wage pressure in the manufacturing sector as a whole is well down from last year, as we have suggested several times. Private revelations of a potential borrowing requirement for 1979/80 than the Treasury had been suggesting.

Although the rise in the cost of some public services remains a large potential charge on the revenue, some of it concealed in promises of comparability, it now looks possible that a responsible Budget need not be unduly fierce. If so, this will probably prove to be the last straw that Mr. Callaghan tries to grasp as he goes down.



Prospects of a new battle in the long war for a third London airport

BY MICHAEL DONNE, Aerospace Correspondent

THE debate about more airport facilities for London and south-east England has been given a sharp impetus as a result of the British Airports Authority decision to go ahead with plans for a £100m second terminal at Gatwick Airport, south of the metropolis.

It is likely to arouse bitter hostility from environmental groups round the airport. Mr. Peter Shore, Secretary for the Environment, has already said that he will "call in" the application (taking it out of the local authority's hands) and make it the subject of a major Public Planning Inquiry. That will inevitably delay—and perhaps even block—implementation of the authority's plans.

But the authority says it needs this new terminal, so as to raise passenger capacity at Gatwick from the present 16m a year to 25m a year by the mid-1980s, to ease the increasing strain on airport capacity generally in the south-east. Last year, Heathrow alone handled 26.5m passengers, or 13 per cent more than in 1977, and all the authority's seven airports (Heathrow, Gatwick, Stansted, Luton, Luton, Luton, Luton) collectively handled 40m or 15 per cent more than in 1977. And total traffic for the UK as a whole is estimated at over 46m. For the 1980s, growth is estimated at a steady 8 per cent a year.

The Gatwick plan follows that for a fourth terminal at Heathrow (which is now under consideration, to raise capacity there from 30m to 38m passengers a year). With minor improvements at Luton and Stansted to give another 6m a year, these developments could by 1986 give the authority a total capacity of about 60m passengers a year—just enough to cope with the level of demand expected then.

But traffic will not cease to grow in the South-East in 1986. It is expected to reach at least 80m a year by 1990, if not

before, and to continue rising thereafter, perhaps at a slower rate, to reach 100m a year before the end of the century.

Thus the dilemma facing the authority—and also to some extent the Government—has two aspects. The authority cannot be sure that the Government will allow either the fourth terminal at Heathrow or the second terminal at Gatwick, for environmental reasons. If either is refused, the authority is likely, well before 1986, to be in serious difficulties about how to handle traffic growth. Heathrow is already near saturation point, as every traveller using it knows well, which is why the fourth terminal is being sought there, and why the Government is also anxious to shift some airlines to Gatwick.

Even if both proposed new terminals are built, the problem of what to do after 1986 persists. For by then, even with both new terminals opened, demand will be just about matching capacity, and unless something more is done it seems likely to go on to outstrip it in the mid-to-late 1980s.

Longer-term development

To find out what that something more could and should be, the Government last year set up a new Airports Policy Advisory Committee, at the urging of the airports authority which was becoming increasingly worried about the problem. For months, this committee—which includes representatives of the authority, the Government, local authorities, trades unions and others (but not, at this stage, directly representative of environmental groups)—has been studying the several options for the longer-term development of airports for London and the South East.

It is now believed to have accepted the necessity for a "third airport" for London, in

addition to Heathrow and Gatwick, which should be capable, wherever it is sited, of becoming a substantial airport, with two runways, and able to cope with all the expansion that will follow the saturation of Heathrow and Gatwick from about 1986 onwards.

Thus, forces are beginning to gather for another major environmental battle in the long war over the third airport for London—a war that has been fought intermittently since Stansted was first officially earmarked for that role in 1964.

During the ensuing 15 years, the struggle passed through many phases. First, there was the choice of Stansted, then its rejection after violent environmental objections, followed in turn by the long and expensive Roskill Commission which chose Cublington in 1971, only to be turned down by the Government in favour of an offshore site at Maplin, Essex. Maplin itself was cancelled in 1974, for cost reasons in the wake of the oil crisis of late 1973 and the subsequent industrial recession which did slow the growth of air transport. In any case the airlines had never made any secret of their hostility to Maplin because of its distance from London.

Now it seems as though much of the battle will have to be fought all over again. For the short-listed sites under consideration by the Advisory Committee include those two hardy perennials, Stansted and Maplin.

The committee has been studying three broad options—the development of a "green field" site from scratch, the expansion of an existing civil airport, or the conversion of a military airfield to civil use. Its search has been wide and painstaking, and much of the original Roskill studies have been looked at again, including its own short-list of Cublington, Nuthampstead and Thurleigh. It has even looked further afield, to such possibilities as Sever-

side, and at a "middle ring" of possibilities, including Boscombe Down, Wiltshire, and the RAF airfields at Lyneham and Brize Norton, and much closer to home, at "inner ring" possibilities like Stansted.

It has taken no decisions. It is expected to make its recommendations to the Government this autumn. But Stansted is one of the most promising options on the short-list for several reasons. First, it is there, with one of the longest runways in the country, and land available on which to build new terminals. Secondly, it now has good road access, with the M-11 motorway passing within two miles of it, and rail services to Bishops Cleeve close by. Thirdly, its development cost would be far less than that of any other site, including developing an offshore site or upgrading a military airfield.

Theoretical maximum

Stansted already has many of the services needed by a civil airport—it is one already, handling 517,000 passengers last year, a rise of 5.9 per cent over 1978. It is thus under-utilised, and its expansion could be phased over a period, first from the existing theoretical maximum capacity of about 1m to 4m, and then progressively through the 1980s as demand dictates up to perhaps 10m a year by the end of the decade. Even at that level, it would still be far smaller than Heathrow (by then at 38m) and Gatwick (25m passengers a year).

It would be ironic if, after all the events of the past 15 years Stansted does again become the preferred option for the third London airport. Any such choice can be expected to unleash an environmental furor. While the possibility of developing an offshore site cannot be entirely dismissed, it seems unlikely in the event of the heavy

cost involved in cash and other resources.

But it now does seem inevitable that a third airport for London will be developed, wherever it may be sited. It will have to act as the main expansion chamber for air traffic growth not only through the late 1980s when Heathrow and Gatwick are full up, but into the 1990s and even perhaps into the next century. While current traffic forecasts do not look so far ahead, no-one in civil aviation is prepared to say that traffic will cease growing, although it may be slowed down from time to time by international upsets, such as, perhaps, a new oil embargo towards the end of this century, alternative aviation fuels are likely to be found (maybe from coal), and extensive research is already in progress to find the cheapest and most convenient of those alternatives. Even if an acute shortage does emerge some time in the next decade or so, most people in civil aviation believe that fuel needs of air transport will be given priority.

The British Airports Authority will accept the Advisory Committee's recommendations, although it is a fair assumption that its own views will have a considerable influence on what the committee decides. But it has promised it will do nothing at Stansted until the committee's views have been made known to the Government. This means that it could be prevented from doing anything for some time, because whatever choice emerges will be bound to go before another Public Planning Inquiry.

In the meantime, the authority is hoping for an early decision on the fourth terminal for Heathrow—probably this summer or early autumn—and that the expected Public Planning Inquiry for the second terminal at Gatwick will be pushed ahead quickly. The latter will effectively be the last major development at Gatwick,

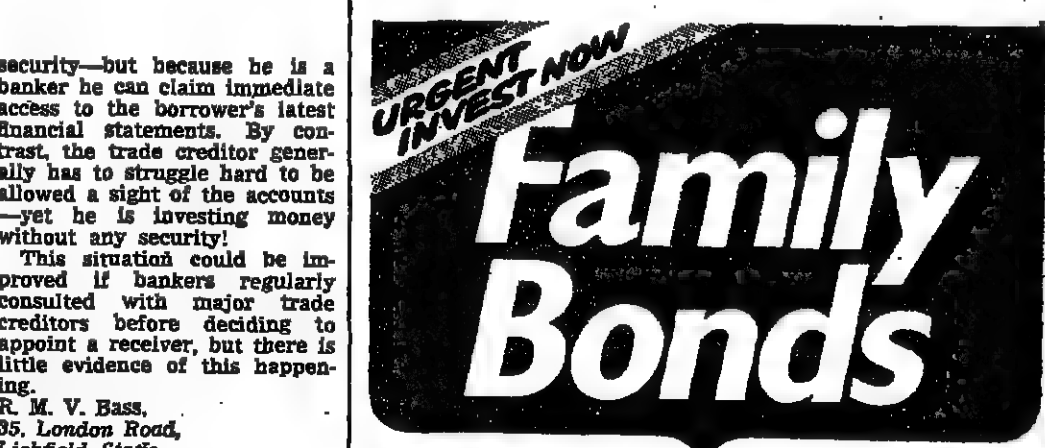
because it will become virtually impossible to push that airport beyond 25m passengers a year on only one runway.

A second main runway is ruled out entirely, because of lack of land, but the authority appears to be howling to the pressures from the airlines to develop, as an "insurance measure," the existing taxi-track, which runs parallel to the runway, so that it could be used temporarily if the main runway is ever blocked by an accident. This development would cost about £3m to £4m, and the question is who will pay for it. The authority feels the airlines ought to subsidise something towards a development that may never be needed, while the airlines believe that it is the authority's role to provide an airport that can be used at all times.

Inescapable problems

The whole current dilemma has been predictable ever since Maplin was cancelled in 1974, for it is really the same dilemma that has existed since the early 1960s. In the ensuing years of discussion and vacillation the problems have been growing, until today they are inescapable. While it has been argued that forecasts of air traffic growth are excessive, the fact remains that the same arguments were used against the choice of Stansted in the early 1960s, and then again when Maplin was selected in 1971, and yet again when Maplin was cancelled in 1974.

In the past 15 years, the growth of air traffic continued, apart from a brief hiatus immediately following the oil crisis of late 1973. In 1984, at the beginning of the Stansted affair, air traffic in the UK totalled over 16m passengers. Last year, it was over 46m, a rise of over 157 per cent. It seems that the forecasters have been right all along.



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Letters to the Editor

Rates

From Mr. G. Goddin.
 Sir,—The possibility of local authorities asking for supplementary rate increases to meet public sector wage settlements, on top of the already announced increases of up to 18 per cent; will again raise demands from predictable lobbies that the burden of local authority expenditures be wholly shifted onto unspecified local or national taxation sources on the grounds that this shift would better relate the burden to "ability to pay."

The point is that the rating system should not be judged on its (in) equity as an income-based tax, but as a tax on a wealth asset, which otherwise yields owner-occupiers substantial tax exemptions, on mortgage interest, capital gains, and imputed income benefits. In cases of hardship an easily understandable and well used rebate system exists, removing at a stroke the poor-widow-and-cat-in-large-house argument.

An additional bonus of the rate system as presently designed is the substantial rebate in rateable value allowed on pre-1919 built housing, reflecting higher upkeep and maintenance costs and providing a needed stimulus to the conservation of our domestic building heritage. Better the devil you know.... etc.
 (G. W. Goddin, Lecturer in Economics, Sheffield City Polytechnic, Pond Street, Sheffield.)

Taps

From Mr. C. Westwood.
 Sir,—Having read the letter from Mr. Farek (February 27) I am prompted to write about my own experience when I applied for the long tap stock. Having been successful in the past, I followed the normal procedure of driving into Birmingham and posting the family applications at 7 p.m. in the main post office, on the Wednesday evening.

I too was rejected—the letters were posted on February 26, and

were received first post the next morning in delivery to a somewhat remote spot compared to my letters only having to be delivered from the centre of Birmingham to the Bank of England.

Surely the question is how many people who posted applications on Wednesday actually received any stock?
 C. Westwood, Oakwood House, 25, Pedmore Hall Lane, Pedmore, Stourbridge, W. Midlands.

Class

From Mr. G. Bull.
 Sir,—Arthur Sandles (February 27) is right to point out the enduring realities of class distinction in Britain. But as the debate continues, we should ask: do we want to replace class differences based on culture by class differences based on money? And, if so, is not business and industry, for all its tardiness, the most potent solvent of historical class structures?
 George Bull, 16, Worcester Road, Sutton, Surrey.

Blasphemy

From the Principal, Scrimshaw Hall School.
 Sir,—In reply to Justinian's article "Time to abolish criminal blasphemy" (February 26), I think there was never a time when the law against criminal blasphemy was more necessary. There are anti-religious groups operating under different names now making determined efforts to have the blasphemy law abolished. Justinian's reasons are weak. The law places no restriction on legitimate freedom of enquiry. The notion that blasphemy will "cease to be popular" if it is regarded as vulgar rather than wicked is fatuous. Criminal blasphemy is not popular, but it is both wicked and vulgar. And why should one who urges respect for the feelings of others be called a bigot? People

cannot be categorised as either blasphemers or bigots. As for blasphemy law's not being rated in the top 20, it was number three in the Decalogue.

Religions

From Mr. C. Schofield.
 Sir,—Justinian (February 26) expresses views on criminal blasphemy as unsound as likely to be popular with the unthinking.

Can anyone doubt that, if other religions widely and devoutly practised in Britain today had been the objects of such attacks as Christianity has suffered in the past few years, the "internal tranquility of the kingdom" would have been seriously disturbed? Believers of all faiths must applaud the views expressed by Lord Justice Scarman.

Equity

From the Chairman, British Gas Corporation.

Sir,—Mr. Caudle (Chemical Industries Association, February 20), in replying to my Member for marketing, sought to use as a partial justification for his position a quotation from the Financial Times of February 1. The quotation: "Sir Denis Rooke suggested that one way of dealing with a larger cash surplus would be to give shares in the Corporation to its employees," while convenient for Mr. Caudle's argument, is, however, not truly representative of my views and does not accord with my recollections of what I actually said to Sub-Committee "B" of the Select Committee on Nationalised Industries on January 31 (the subject of the report of February 1).

On that occasion a member asked me whether, in the current economic position of British Gas, we should not be looking to have some equity capital, either public dividend

capital or normal equity. My response, as I recall it, was that this was a political matter to be decided by Parliament, but that if a decision were made to have external shareholding I hoped that some action would be taken to enable employees to have shares in the business. The implications of that statement are quite different from that of the quotation used by Mr. Caudle.

No doubt we shall all be able to refresh our memories in due course when the proceedings of the Select Committee are published.

Reform

From the Communications Director, Oxfam.

Sir,—Michael Holman's interesting despatch from Lusaka (February 23), highlighted yet again the almost total lack of clout of the poorer countries of the world in terms of their relationship with the rich. As the member States of the UN Conference on Trade and Development prepare for the (fifth) meeting in Manila we ask whether there is any hope at all that on this occasion the British delegation, supported by leaders of British industrial and commerce management and trade unions, will adopt a positive and enlightened stance in the debates on the further development of a new international economic order? The British record at previous UNCTAD conferences has been largely appalling.

Relativities

From Mr. G. Macdonald.

Sir,—The concept of relativities is current with discussions on possible means of linking the earnings of various categories of public employees to earnings in the private sector. There are, however, considerable problems in such a linking, and the only

solution in the long term seems to be some system of national job evaluation, which should apply in the private as well as the public sector.

If public service earnings are linked to those of the private sector, the pre-supposed system of logic in determination of private sector earnings. The truth, of course, is that they are determined not primarily on a logical basis but in accordance with the relative muscle of the negotiating parties.

A second major point is not solely the relativity of earnings, but a relativity of the quantity of work done, of the necessity of that work and of its skill content. Unless a system of national job evaluation is used, then the relative earnings will be determined principally by job titles, which do not automatically determine the skill to be applied or the volume of work to be completed.

An additional area of relativity should also consider total employment benefit such as inflation-linked pension schemes and the broad list of other employment benefits that apply in public service, sometimes in a more favourable degree than those of the private sector.

I know I will not be alone in profoundly resenting any massive increase in the total public service payroll that requires financing through direct and indirect taxation and local rates, if there is no determined effort to ensure that real value is given in return for public service payroll costs.

17, Copperas Lane, Denton Square, Newcastle-upon-Tyne.

Creditors

From Mr. R. Bass.

Sir,—I would like to endorse the comments of Mr. Hartley (Feb. 22) about bankers and floating charges. As credit manager of an engineering company, I am only too well aware of the preferential position obtained by bankers when advancing working capital. Not only does the banker have

هكاز من الفصل

The rumbles of a closed shop dispute in 1965 still echo.

A bitter aftermath to trouble at the mill

By Nick Garnett, Labour Staff

WILLIAM DENBY AND SONS, textile dyeing and finishing mill in a wooded valley outside Bradford, West Yorkshire, suffered a dispute 15 years ago that was one of the most bitter recent trade union history. Some of the bitterness continues.

Since 1965, the National Union of Dyers, Bleachers and Exile Workers has imposed a "blacklist" of anyone who worked for Denby's during or after the dispute.

In an industry with a tight union closed shop operating in more than 80 companies where the supply of labour, the 481-day dispute, and the subsequent jacking have had a profound impact on nearby townships. Whole families have been divided.

Joseph Thompson, a 32-year-old married man with children, left his job last year at another textile mill, Naylor Jennings. The union discovered that as a young man Mr. Thompson had worked two months for William Denby either during or after the dispute. His union card was taken away and Naylor Jennings had no option but to dismiss him, because the agreement forbids a closed shop.

Following a hearing last month before the Independent Review Committee, set up three years ago to consider complaints on people who are sacked as a result of being excluded from union operating in a closed shop, Mr. Thompson has now been asked to put the matter to the union's internal appeal procedures. The case will then go to another review committee hearing.

The Conservative Party has made it quite clear that it wants to see new legislation providing statutory redress for workers who have been excluded from certain circumstances fall outside the closed shop, although it prefers that the operation of the closed shop should be

largely governed by a voluntary code of practice. The need for such a code was recognised by the Government and it forms a significant part of the recent agreement with the TUC on industrial relations and the economy.

The Denby dispute and its repercussions have exposed the powerful forces that cause and flow from closed shop disputes.

The original confrontation between the dyers' union and Denby's, and the union's still rigidly enforced policy of refusing to accept former Denby workers as members, arose partly out of a management and union conviction that there were certain principles and methods of organising the industry that had to be defended.

Divorce

At the same time the resulting bitterness pitched members of the same family against each other; brothers would not speak to brothers, husbands and wives split up and got divorced.

The Denby dispute blew up in October, 1963 over a relatively minor issue involving a foreman operating a machine. Some workers, swelling to about 250, came out on strike, in defiance of the union's closed shop agreement with the company. The agreement forbade strikes and lock-outs.

The company was a good employer paying high rates and was not overtly anti-union. But it saw the opportunity of ending what it felt was the union's growing and unacceptable influence particularly under the closed shop agreement.

A letter was immediately sent to all staff saying the company was giving them notice of dismissal but that they could resume employment on original terms and conditions but not under what the company termed "union domination."

The letter said the company looked forward to operating "an open shop."

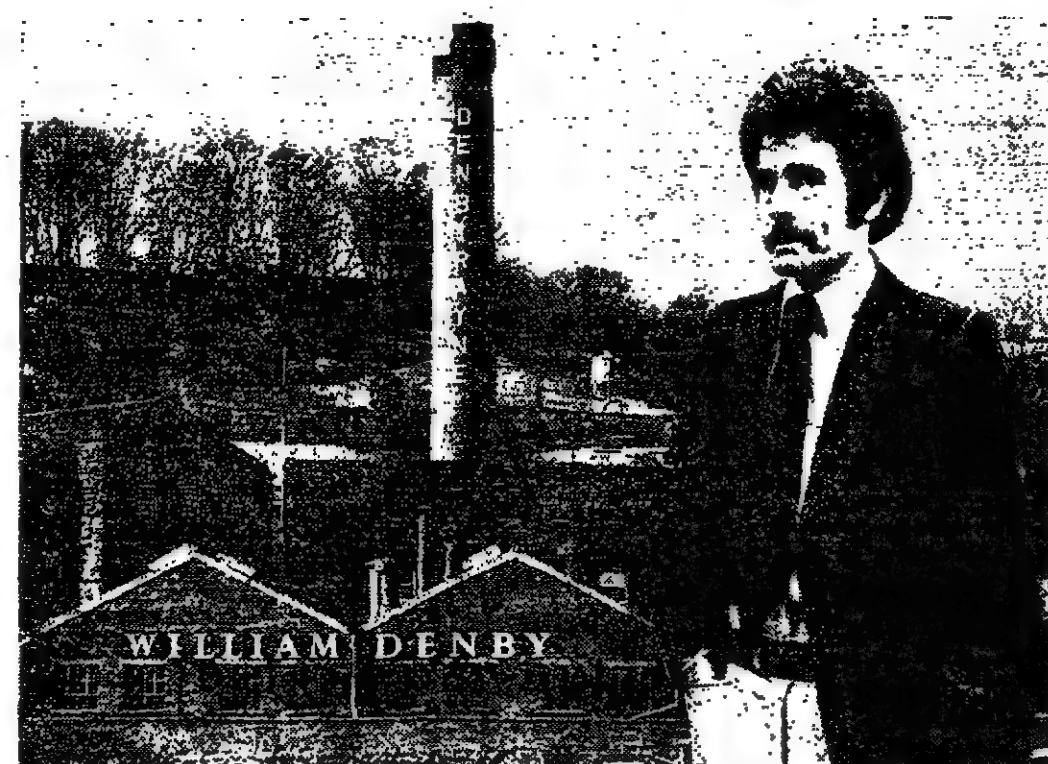
The union viewed the management move as a lock-out and within hours the atmosphere was poisoned. Baildon where the mill is situated was dubbed the "Town of Hate." The company began recruiting fresh labour who, with those former workers who went back on the company's terms, were brought in through Denby's private tree-lined entry road in closed lorries.

The police, in vehicles and on foot, provided some protection and the union, with a newly formed disputes committee to direct operations, started organising a substantial force of pickets. From then on the dispute developed into a depressing saga of bitterness and rancour between Denby workers and those on the picket lines.

Houses and cars owned by leading figures on both sides were frequently stoned. Abusive letters began arriving on door mats. In an attempt to stop the convoy of vehicles into the mill more determined pickets laid trails of nails on some of the town's feeder roads. At one point, they managed to build a rudimentary stone barricade to block the mill entrance.

A number of the lorries were followed into Bradford and some of the Denby dyeworkers were waylaid and beaten. A director's car was driven by one of the workforce was ambushed and badly damaged.

Stink bombs were lobbed into the mill, the growing tide of bad blood was spilling into pubs, living rooms and the more intimate sides of family life. One of the "blacklegs" playing in the Windhill-Lidger Green Sunday League cricket game was barracked and a leading striker



The Denby Mill and Joseph Thompson who briefly worked there years ago and as a result has lost his union card and the ability to work at his trade.

was taken away by the police.

An after-dark raid on Denby's resulted in the damage of chemical drums and directors warned that "anarchy" reigned at night. The company eventually employed a security firm which brought in Alsatian dogs. The firm announced proudly that these animals had been rejected by the police as "too aggressive" and that one of them weighed more than eight stones. The police set up their own dog patrols.

A few days after the beginning of the dispute, a wife of one of the directors sacked the nanny she had employed for eight years, apparently because the nanny's husband was one of the strikers. A director felt it necessary to arm himself with a

shotgun to protect his family.

During the first few months of the dispute, Mr. William Whitelaw, then Parliamentary Secretary to the Ministry of Labour, said his department was unable to express an opinion about the dispute. In the new Labour Government of 1964, Mr. Ray Gunter, the Minister of Labour, declined to set up an independent inquiry.

The dispute was characterised by a marked reluctance by the wider trade union movement to try to break Denby's. Although the TUC gave the dyers' union broad support there was little inter-union co-operation to try to shut the company.

Denby's had been involved in a long strike in 1936-37 during which the dyers' union secured

recognition and later a full closed shop. As part of that agreement, common to a number of companies, recruitment of new labour had to be carried out through the union.

The strike caused some bitterness within management. At least two directors provided for small cash nest eggs in their wills to long service workers, but specifically excluding workers who had been involved in the strike.

In the early 1960s, Denby management appeared to feel that the way the union was exerting its strength on the shop floor was hindering production. In particular, it detested that part of the agreement leaving the labour supply arrange-

ments with the union. It was these arrangements that were one of the principal targets for the management's determined action when the 1963-1965 dispute began.

Denby's is now under new management having been taken over in the early 1970s. It believes that everyone would now prefer to forget what happened in the past. Some of its workers are members of unions but it has no contact with the dyers' union, the only major northern dyeing and finishing textile company in that position. It is a member of the British Textile Employers' Association but takes no part in negotiations between the association and the union.

Many of the association's member companies almost certainly take the view that Denby's was something special—not for its paternalism, a tradition rooted in the industry, but because its management had taken a very strong line on the closed shop and was prepared to fight on it.

It is not in the interests of the Association, which gives companies some joint protective strength, if individual companies in effect drop out of its operations. Many companies would take a similar view to Denby's on the particular operation of the dyers' closed shop.

The union's pay and conditions agreement covers about 20,000 employees in 85 companies in Yorkshire and Lancashire. Clause 22 of the agreement specifies that these companies must first make an application to the union to supply any new workers. The union is given 24 hours to provide satisfactory employees. After this time companies can employ non-union labour who are then required to join the union. Some managements complain that this system does not work well.

The union says that its black-

ing policy, which was reaffirmed by its 1977 delegates' conference, is to a large extent the reflection of shop floor feelings—that some of the personal bitterness which helped to spawn the blacking policy still bubbles under the surface.

The success of Denby's in breaking the closed shop, however, posed what the union considered, rightly or wrongly, to be a direct threat to the union. Other companies doing the same would weaken the union's closed shop arrangements and also the industry-wide pay and conditions agreement. These, the union feels, must be defended.

The present closed shop and bargaining arrangements are important to the union for three reasons. First, they improve its bargaining strength in dealing with the employers.

Secondly, with the industry declining and more jobs threatened arrangements about the supply of labour give the union some control over maintaining employment among those workers already in the industry. The union sees this as a perfectly justifiable policy.

Finally, some union officials are very conscious of the growing influence of the shop-floor. Many companies are likely to be in a difficult financial position within the next five years and the union believes that, left to company-level bargaining, some of its more militant members would drive some of these companies to the wall.

An Independent Review Committee studying a similar case to Joe Thompson's said in 1977 that the union was justified in trying to restore the closed shop at Denby's. Ironically the union believes that it could recruit a large number of Denby textile workers if it dropped its blacking policy. At the moment the union believes that it cannot and should not do that.

Weekend Brief

inescapable problems across

country

TOMORROW AT the crack of dawn 12,000 cross-country skiers will start a 52-mile dash across central Sweden to commemorate King Gustav Vasa's historic run in 1521 from Berga to Mora where he formed an army and went south to drive out the invading Danes.

The race has fired the country and thousands to such point that this year the limit has been set at 12,000 contestants, although there were 7,000 applications, many from abroad. Surprisingly enough in this country of equality between the sexes women are to be allowed to participate for the first time officially. But there is a catch: the female competitors took part in a separate event earlier this week, when the track is open to those people who did not get a place on Sunday. From time-to-time some females have donned men's clothes to fool the authorities and have taken to wearing a moustache. It is said that when answering a call of nature, one competitor in fact caused some raised eyebrows at some rather curious activities.

Many competitors come from abroad and this foreign contingent is growing yearly. And here is a growing popularity in the mountain areas of Europe for cross-country skiing. The skier is entirely dependant on his own exertions to get anywhere. The equipment is altogether different from the downhill and slalom. The skier is somewhat longer than the downhill type and are much thinner and are made from wood, comparatively narrow and without steel edges. The major characteristic is the lightness of the ski, and this also applies to the boots which are more like those used in football but without the studs. Only the front of the boot is attached to the ski, leaving the heel to rise and fall as when walking.

Another advantage of cross-country equipment is the price which is much lower than the downhill variety. Increasing popularity can be gauged by some of the interest activities in Switzerland, Austria and Italy. Ski tracks are being laid out which range from the very easy to the gruelling distances of 20 kilometers. Another advantage claimed is that there is no lengthy waiting for ski lifts.

The Vasa ski race has helped to popularise the sport and ski manufacturers in Switzerland and Austria have been quietly acquiring interests in Scandinavian ski makers or setting up production lines of their own. So far the Vasa ski race has not taken on the aspect of commercialism, although there are signs that this may well be the case later on. The start of the 12,000 competitors getting off all at once is something to be seen to be believed. They all converge towards two tracks and there are many cases of broken skis and lost tempers as the competitors jockey for position. The 150 top ranking skiers are usually placed out in front so that they can quickly get well away from the main



Only 52 miles to go.

body of competitors. But the back markers may have to wait an hour or more before they really get going.

Providing the snow is good and the air temperature is not right the leaders should cover the distance in something under five hours, with the tail enders taking about 12 hours. The fastest time so far recorded was in 1976 when a Finnish competitor clocked four hours and nine minutes. If this year's conditions are favourable there might well be a chance of breaking the four hour barrier.

Holler than thou

While the insurance giants Commercial Union, General Accident and Royal, were making dire predictions this week on the cost of this winter's severe weather, the Ecclesiastical Insurance Office, a minnow in the industry, was getting down to adding up the bill. For the EIO closes its account on February 28 (February 29 in a leap year), thereby getting most of a winter into one account. With a year ending on December 31, the effect of a winter, when most household claims arise, is split between two accounts.

It is a quirk of fate that EIO made its year thus. Originally when the company was formed in 1887, the account year ended on March 24—the day before Lady Day, one of the four Quarter Days in England and Wales. But it was found that the task of preparing accounts coinciding with that of collecting rents imposed too great a burden. So a decision was taken in 1900, purely on pragmatic reasons, to start a new account on March 1, thereby avoiding a clash with Lady Day—an early example of O and M.

This year the EIO account closed on Ash Wednesday, the beginning of Lent. However, the executives need not make the traditional Lenten sacrifice this year. The claims experienced were 40 pence.

The company is the major insurer of church and church school buildings and property, its original name being the Ecclesiastical Building Fire Office. Many vicarages are old, rambling buildings, with plumbing to match. Many churches have water pipes running above the organ loft. The weather during the holidays failed to stop one side of the building, facing east, from freezing up completely.

As if these Acts of God were not enough, the company has had to contend with man's

inhumanity to man. Two major fires last summer within a week of each other occurred at St. Mary's, Barnes, where arson was suspected and across the Thames at St. Nicholas, Chiswick, where arson was probably the cause. Damage in each case was over £250,000. The EIO staff spent one Friday on the telephone alerting incumbents and churchwardens to lock up their churches when unattended.

The situation in the life company is much brighter. New individual business nearly doubled that of the previous year—a rise three times that of the industry average. The EIO is one of three life companies that does not pay commission to agents, although it is quite prepared to pay mammoth for non-life business. This decision was taken in 1913 when the life side was started. All profits go to the with-profits policyholders, which makes the EIO the only proprietary insurance company where the shareholders get nothing from the life side.

But it does mean that its rates are highly competitive and Ecclesiastical regularly tops the with-profits regularity tables. Incidentally, at the EGM in 1918 to approve the increase in capital to start life business, the Press were specifically excluded. Fortunately, the present executives have a more enlightened attitude.

The company was founded by Churchmen and still has five clergy on the Board. Despite having a captive market, however restricted, the decision was taken at outset nearly 100 years ago not to undercut the market but to charge commercial rates. But the profits thereby arising go back to the Church of England. Last year, £250,000 was paid out in charitable grants and £7,600 in preference and ordinary dividends.

Pothole champion

New York's roads are by general consent the worst in any modern city in the world. And right now they are worse than ever with the onset of the pothole season. As the winter ice recedes, it leaves behind gaping cracks and holes in the road surface which are gouged to even greater size by the rain. The result is an annual bone-jarring, axle-cracking experience which has developed traditions all of its own.

Like "spot the pothole," Rush hour radio shows which normally report on traffic conditions dispatch special reporters to seek out the day's crop of new chasms (which can appear overnight) and warn their listeners away. And City Hall, which is responsible for road upkeep, has

a special set of telephone numbers so that people can report potholes and summon out the emergency crews.

At the height of the season, there are dozens of these crews, numbering anything up to ten men, constantly touring the streets, pouring hot asphalt into holes and sealing up cracks (some of which on the elevated highways go straight through to the open air beneath). But their work is not very effective. Last year, the city claimed to have filled in no fewer than 835,200 potholes. But a later report said that of every 100 holes filled, 10 are open again within a week, and another ten within a month. That prompted the Bureau of Highway Operations to seek out longer-lasting asphalt which it will use for the first time this year. Results are eagerly awaited.

Another tradition is "sue City Hall." Anyone who has an accident because of a pothole can claim damages provided he informs the City within 90 days and files a suit within 15 months. Last year, there were 2,839 damage claims totalling \$302m, not bad for a City still hovering on the brink of bankruptcy.

And these claims come on top of the staggering cost of plugging the holes. Last year, the City paid \$4.80 per pothole, or a total \$4.5m. This year, the cost is expected to be around \$6.50 because of inflation: total bill probably over \$6m.

The only people who profit from the whole business (apart from the lawyers pursuing damage claims) are enterprising kids who lurk on the verges ready to grab all the hub caps that get shaken off. These retail at a handsome \$10-15 each, and in a lively rush hour a boy should be able to pick up a dozen.

But why are the streets so bad, with holes that can measure several feet across and over a foot deep? The answer is quite simple. New York's roads are a classic victim of the fiscal crisis. In 1976, when the crisis was at its height, the City spent only \$1m repairing its roads. This went up to \$48m last year, but a tenth of that was the cost of plugging those holes.

Things could get better though. Provided New York's financial rescue plan gets going, the City authorities hope to have \$60m for road repairs this year, rising to \$384m in 1982. But New York's plight should be put into its proper perspective. A couple of years ago the road building industry reported that there were 115m potholes in America's roads. No, they didn't go out and count them. They took the total asphalt used to fill them, and then divided by the size of the average pothole,

Economic Diary

TODAY — Mrs. Margaret Thatcher, Opposition Leader, addresses Conservative Local Government conference, Caxton Hall, Westminster. Dr. David Owen, Foreign Secretary, at Swindon Labour Party annual dinner.

MONDAY — Parliament resumes after devolution recess—debate on housing, and motion on the Hovercraft (Civil Liability) Order. Prime Minister meets members of the Japanese Imperial Mission visiting UK. Wholesale price index (February provisional). Hire purchase and other instalment credit business (January). EEC Agriculture and Foreign Ministers begin two-day meetings in Brussels. Iran resumes limited sales of oil through National Iranian Oil Company. Sir

Francis Tomba, Electricity Council chairman, is guest speaker at Coal Industry Society luncheon, Hyde Park Hotel, SW1. Leading European accountants meet members of the American Institute of Certified Public Accountants in Amsterdam to discuss a possible extension of U.S. "peer reviews." Sir Peter Parker, chairman, British Railways Board, opens cartoon exhibition, Euston Station, London. Retail sales (January final). Princess Anne visits Ideal Home Exhibition opening, Earls Court, London.

TUESDAY — British Overseas Trade Board statement on the Japanese Import Promotion Mission's visit to UK. Sir Geoffrey Howe, Shadow Chancellor of the Exchequer, addresses Confederation of British Industry smaller firms

council on Budget. House of Commons second reading of Independent Broadcasting Authority Bill. British Shipbuilders to decide on proposal to close Southampton Shipyard. Sir Keith Joseph, Opposition industry spokesman, speaks at Institute of Credit Management annual conference, Hilton Hotel, London.

WEDNESDAY — National Institute of Economic and Social Research quarterly review expected. House of Commons second reading of Leasehold Reform Bill. Motions on Appropriation (Northern Ireland) Order and the Aircraft and Shipbuilding Industries.

THURSDAY — National Union of Mineworkers meets on pay offer and to discuss possibility of ballot. Power workers' pay talks. Confederation of Shipbuilding and Engineering Unions executive meets. Vehicle production (February provisional). Housing starts and completions (January). Construction output (fourth quarter). Survey of short-term export prospects to third quarter 1979. British Veterinary Association council meeting. Birmingham Chamber of Industry and Commerce trade mission to Australia (until March 23).

FRIDAY — Building Societies Association meets on mortgages. Central Government transactions (including borrowing requirements) (February). Company liquidity survey (fourth quarter).

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Contributors:

John Walker,
Eric Short and
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Companies and Markets **UK COMPANY NEWS****BIDS and DEALS****Strong second half pushes George Oliver to £1.19m well down**

A RISE of almost £300,000 to £10,000 in second half taxable earnings enabled George Oliver (Footwear) to lift full year profit for 1978 from £645,000 to a record £1.19m. Sales by the Leicester based footwear distributor reached £10.08m, against £8.18m.

For the first six months the surplus recovered to £250,000 (£27,000) and in September the directors said that sales had continued at a satisfactory level.

Tax of £282,000, compared with £306,000, left the net balance for the year more than doubled from £242,000 to £708,000. Earnings per share are stated at 14.69p (8.25p) from which is paid a net final dividend of 1.5p raising the total to 2.14p (1.87p). Ordinary dividend costs amounted to £115,500 (£100,980).

Deferred tax was treated in line with accounting standard No. 15.

● comment

As a multiple shoe retailer, George Oliver's 25 per cent sales rise is right in line with the sector average for 1978. The volume gain is around five per cent but while this may look a little low, the explanation is that Oliver has been trading up over the past year. On top of the volume gain is around five per cent but while this may look a little low, the explanation is that Oliver has been trading up over the past year. On top of the volume gain is around five per cent but while this may look a little low, the explanation is that Oliver has been trading up over the past year.

DIVIDENDS ANNOUNCED

Company	Current payment	Date	Corre- Total Total
Allen, Harv. & Ross	1.54	May 1	8.67
Alliance Trust	5.5	May 8	4.9
Bogot-Peleph	0.34	May 2	0.3
EMI	3.41	July 21	3.41
J. Jarvis	0.44	April 4	0.44
Henry Norrington	0.44	April 5	0.44
George Oliver	1.5	April 27	1.5
Rea Brothers	0.83	April 11	0.83
Rea Brothers	1.07	April 30	0.91

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Corrected.

Alliance Trust over £4.2m

AFTER TAX revenue of Alliance Trust Company advanced from £3,753,000 to £4,241,000 in the year to January 31, 1979. Gross revenue reached £7.68m against £6.77m.

Earnings per 25p share are stated 0.91p higher at 3.28p and year end net asset value was up from 259.5p to 282.5p. A net final dividend of 5.5p lifts the total to 8p (7.1p) and an interim of 3p compared with 2.5p, is declared for the current year.

VECTIS STONE

Mr. J. A. K. Collins, chairman of Vectis Stone, told the annual meeting yesterday that the group could look forward to a half-

Norrington short of forecast

Profit performance fell well short of forecast at Henry Norrington and Son, agricultural engineers, merchants and general ironmongers, for the year to September 30, 1978. In June the directors had expected a £150,000 surplus but in the event taxable earnings were maintained at £115,220, against £115,808.

The half-time profit was better at £30,000 compared with £28,000. Sales for the 12 months by the Exeter company were ahead from £1,655m to £1,446m and earnings per 5p share are stated at 1.45p (1.44p). The net dividend is raised to 0.455p (0.427p).

Major stake in Saint Piran claimed

BY JAMES BARTHOLOMEW

Mr. M. R. Lewins, leader of a group of shareholders trying to depose the Board of Saint Piran, made allegations yesterday about the controversial question of who actually controls the Cornish mining and construction group.

He claimed that Mr. J. Raper, chairman of the group who several shareholders have thought to be the power behind the throne, had told him last December that his friends owned 30 per cent of the shares.

According to Mr. Lewins,

AFTER MAKING provision for rebate and tax and a transfer from inner reserves, Allen Harvey and Rea, bill broker and merchant banker, reports profits of £585,553 for the year ended February 5, 1979, well down from the previous year's £1.2m.

The exceptional profit in 1977-78 was struck off after similar profits but after a transfer to inner reserves.

The final dividend is effectively raised from 0.55p to 1.15p making a total of £1,437p compared with £1,137p.

Dividends absorb £579,256 (£522,633) and £585,553, against £559,260, is carried forward. Net assets amount to £5.85m, compared with £5.93m a year earlier.

See Lex

Birmid Qualcast optimistic

Recent investments made by Birmid Qualcast in the development and tooling of new power driven lawn mowers will begin to yield a contribution to profits in 1979, Mr. J. F. Ince, the chairman, says in his annual report.

Eight models have been introduced to the export markets and five to the home market for the coming season and all have been received with enthusiasm.

Meanwhile, growing strength in light alloy, precision and certain ranges of ferrous castings is continuing to reflect satisfaction of the chairman says. Continuing efforts to improve the export content of the foundry business are yielding particularly encouraging results in certain specialist areas.

In the heating division, it is planned to introduce further new central heating boilers this year which will equip the Potterton company with a modern and full range of boiler equipment.

A better performance is also hoped for in the household products companies as a result of a normal irrigation season and with the elimination of some overseas loss-making activities, the wrought and engineering products division should be able to make a useful recovery.

For the year ended October 25, 1978, profits before tax were down from £10,550 to £4,770 from turnover of £204,25m.

As known during the year BOC purchased TMG's 35 per cent holdings in Irish Industrial Gases and BOC Northern Ireland for £2.45m. TMG also disposed of its premises at Pearse Street, Dublin to the Industrial Development Authority for £600,000.

In December J. and C. McGoughlin completed the structural steel fabrication of the contract for the new P.D.R. station, Nigeria and the directors expect to receive payment for this contract in the near future. This together with the reduction of higher than normal stocks of wood burning stoves, due to a temporary rise in the P.D.R. stove market in the U.S., will reduce further the borrowings shown in the group's balance sheet as at December 31 by some £1.75m.

On Thursday, Plessey is due to report third quarter figures. The company has a very strong order book and this augurs well for the future. However, the telecommunications division, the big profit area, is still depressed because of a lack of Post Office orders, although there are signs of improvement, but a sharp increase is being felt in the private sector where there is strong demand for the new P.D.R. equipment. Elsewhere, aerospace/radar is benefiting from some useful orders from the Ministry of Defence while the electronics systems division continues to do well on the back of firm planning for military radios. Garrard, the record turntable manufacturer which has been scaled down because of poor demand, is only expected to break even next year. After turning in £22.1m (£22.2m) at half-way, analysts expect around £33m (£32.2m) after nine months and about £48m, compared with almost £43m, for the full year. Plessey sold its stake in ICL in January so the contribution from associates will be lower in the fourth quarter.

For Turner and Newall, which is expected to announce full-year results on Tuesday, trading conditions have been generally dull during 1978. Demand for nearly all the company's products has declined, especially in the plastics and automotive components divisions. Elsewhere, the asbestos side is only now beginning to recover from the overstocked situation of a year ago. The biggest improvement will come from the 52 per cent-owned U.S. subsidiary, Philip A. Hunt, which has recently announced an increase in profit from \$9.9m to \$13.4m—the company specialises in manufacturing chemicals for the photographic and electronics industries. Overall, analysts expect profits of between £4m and £6m, compared with £4.8m last time.

On Monday, Fisons is due to report full-year figures for 1978 and although interim profits were up by 41 per cent—the annual figure is expected to improve much on last year. This is the view of City analysts based on a variety of reasons. The company is expected to change its accounting policy to depreciate fixed assets at a faster rate, costing around £1m, and the recovery of the fertiliser division has not been as strong as anticipated. Also, the agro-chemical division, following an unexpected 43 per cent fall in profits at half time mainly due to research and development expenditure, has recently met with increasing competition which points to a disappointing result for the year. On the pharmaceutical side, however, second half progress is expected to boost the group's overall profits slightly.

Other results to note are preliminary figures from De Beers Group, which reported a 10 per cent increase in profits for the year. On the pharmaceutical side, however, second half progress is expected to boost the group's overall profits slightly.

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The chairman says the present state of industrial unrest makes it impossible to forecast the current year's results.

£451,000 from Rea Brothers

Rea Brothers, merchant banker, announces group profits of £451,000 for 1978, compared with £301,000. The final dividend is 0.227p, not maintaining the total at 1.052p.

Profit is after all expenses and a transfer to inner reserves. The directors state that in the previous year transfers were made to inner reserves in respect of all tax deferred as a result of timing differences. From January 1, 1978, the policy has been changed to make transfers only in respect of deferred tax which is expected to become payable in the foreseeable future.

For 1978 the directors do not expect any of the deferred tax to become payable and accordingly no transfer has been made. An adjustment has been made in respect of transfers made in earlier years.

Squirrel Horn up to £0.63m

PROFITS BEFORE tax of Squirrel Horn, maker of toffees and chocolates, improved from £487,964 to £526,564 in 1978 from higher turnover of £5.44m against £5.06m.

When reporting first half profits up from £221,121 to £238,408, the directors said that while they expected the year's results to be satisfactory, the increase over 1977 would not be as great as suggested by the half-yearly figures.

Earnings per share are shown at 1.15p, against 1.06p, and the final dividend is 1.062p making a total of 1.812p compared with 1.537p previously. A one-for-five scrip issue is also proposed. Profit for the year is struck after depreciation of £34,228 (£37,708) and £2,478 (£2,228) (£238,228) and £238,030 (£235,833) is transferred to deferred tax.

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BY CHRISTINE MOIR

THE NEXT stage of the battle for English Property Corporation could bring in the Bronfman brothers who control the Triplex Corporation in Canada. EPC's near 50 per cent stake in Triplex is the key issue in the bids for Wereldhave and Olympia and York for the UK company.

On Monday five members of the Bronfman Board are due to arrive in London.

The Bronfmans are known to be opposed to the bid from Olympia, a private Canadian company owned by the Reichman brothers. If Olympia wins EPC this would yoke together the Bronfmans and the Reichmans, the two highest competitors in the Canadian property market—through Triplex.

So far the Bronfmans have been content to let Wereldhave lead the opposition to Olympia. The Dutch group and the Bronfmans have an agreement whereby if Wereldhave gets EPC the Bronfmans and EPC's holdings in Triplex will be consolidated and the management of the two companies will be merged.

Meanwhile Olympia has achieved a strong lead in the bid battle. Its bid is the highest at present, at 60p, and it also owns 22 per cent of the equity by strategic purchases in the market over the past three weeks.

In the market EPC's shares closed the week at 61p having risen as high as 62p at one stage.

Over the weekend EPC's shareholders received the offer document from Olympia—yet another communication in the stream which began in January with Wereldhave's opening bid of 37p.

In it Olympia gives no firm assurances about the long-term future of EPC. It says only that EPC would retain its own identity subject to a review of EPC's position "with the intention of placing it on a firmer financial footing."

Because Olympia's is a cash offer it is not required to reveal details of its own financial position. Nor does it.

There is only a brief paragraph describing the major property developments which Olympia is currently building. These include a 5m sq ft commercial scheme called First Canadian Place in Toronto, and a 2m sq ft office tower in Calgary. In New York Olympia has recently bought a 3.6m sq ft office block in the

Wall Street area, known as Water Street and the 1.6m sq ft American Brands building on Park Avenue.

BAIN DAWES 25% STAKE IN TOSA

In a move to consolidate operations in North America Bain Dawes, insurance brokers, has acquired a 25 per cent stake in Tosa, the parent company of the Tomenson Saunders White group of Canadian, one of the largest firms of Canadian insurance brokers.

The consideration represents less than 1 per cent of the net asset value of the Tomenson Group of Companies, the group which owns Bain Dawes.

The Canadian brokers reported a brokerage income for 1978 which exceeded £825m (£10.4m). It employs a staff of around 600 and has offices throughout Canada and Bermuda.

Bain Dawes already holds a 42 per cent stake in Canadian insurance brokers Osborn & Lange.

Mr. H. Warrander, chairman of Bain Dawes, is to join the Tosa Board.

HUTCHISON WHAMPOA ACQUISITION

Alpha Leather Company, a wholly owned subsidiary of Hutchison Whampoa (UK), has acquired the land, buildings and business of The Mill Chrome Tanners, a leather tanning and dressing business, in Erith, Kent, for £200,000.

Mill Chrome, which is a leather tanner and dresser, has been contract dressing substantial quantities of leather for Alpha over the past year. The acquisition will enable Alpha to extend its range of activities and variety of products beyond those traditionally associated with its substantial leather merchandising business.

TUBES AUSTRALIAN LOSSMAKER SOLD

The Investments has sold its loss making Australian gas and electric pipe business to National Consolidated.

The group declined to reveal the sale price but said that the business had experienced poor trading conditions for several years.

The gas and electric companies, based in Melbourne, is to become part of National Consolidated domestic appliances subsidiary Braemar Appliances.

PITTARD PURCHASE COMPLETED

W. and H. Miers, a subsidiary of the Pittard Group has completed the acquisition of the assets and business of Midland Leather, a Whitcomb offshoot.

Miers has acquired the assets of Midland but not its debts. It will also be taking over the trademarks and proprietary rights. The consideration is £300,000, which is the discharge by Miers of Midland's net current liabilities—about £300,000.

It is also announced that Mr. C. J. Pittard, a Pittard Group director, has disposed of 200,000 shares which have been acquired by A. H. E. Noel, also a director.

OMISCO Instrumentation has been set up as a new venture between OMISCO, the BE Wimpey Offshore Maintenance and Inspection Company, and Bond Instrumentation and Process Control. OMISCO will have 50 per cent and Bond 50 per cent of the new company, which will provide a process control instrumentation service based in Aberdeen.

AB ELECTRONIC

Holders of A. B. Electronic Products Group have approved the issue of 450,000 ordinary shares to CTS CORPORATION of the U.S., bringing the total CTS holding in A. B. to 800,000 ordinary shares.

At the interim stage, the company suffered a loss of Ringgits 570,000, but the directors said that they expected a steady improvement in profits as the company had been awarded a Ringgits 39m contract by the telecommunications department. These hopes were not realised partly because of the commencement of the contract, and the writing-off of Ringgits 368,000 of obsolete stock during the second half.

Despite its losses, the company is paying a 10 per cent dividend (same).

Helical Bar first half headway

In the six months to October 28, 1978, turnover of Helical Bar advanced from £3.2m to £3.89m and pre-tax profits moved ahead from £55,000 to £64,000.

The directors report that the combination of bad weather and the "lorry drivers' strike brought construction work in many parts of the country virtually to a halt in the weeks following Christmas, and this has temporarily affected output.

SUMMARY OF THE WEEK'S COMPANY NEWS

مكتبة الأمل

Take-over bids and mergers

Slime Darby Holdings, the Far Eastern multinational conglomerate, has increased its offer for Guthrie Corporation, the UK plantation group. The latter has again rejected the bid, which has offered 80p and three of its shares for every two Guthrie shares. An unusual feature of the increased bid is that it offers an overseas company for exchange control purposes, is offering its own shares as part of the terms, and if UK residents take up the offer, they will have to pay the investment currency premium on the Slime shares they receive. Slime has stated that this bid is its final offer and it is obliged under City Takeover Panel rules to abide by this statement.

The final shot for English Property Corporation may not have been fired, but the seventh and most recent bid is nearing completion. EPC's claimed net asset value of 60p per share and the end of the battle appears to be in sight. In their latest attempt to gain control of EPC, the Dutch group Wereldhave has upped its cash offer to 56p per share and the Canadian property concern has accepted the offer. The terms of the bid are worth around 152p per share. The battle between the Dutch and Canadians is primarily over the control of Trizec, one of Canada's largest property companies, in which EPC holds a 50 per cent stake.

After building up a near-25 per cent holding in the company, Wereldhave has made an agreed offer for the engineering, metal and jewellery group, Caledonian Holdings. The offer, for 7.45m shares of Caledonian it does not already own, is on the basis of one Comet share plus £3.50 for every three shares of Caledonian. The terms are worth around 152p per share compared with the bid from London and Midland Industrial which is worth about 132p per share.

Diversified industrial concern Thomas Tilling has reached the halfway stage in its designated £100m U.S. expansion programme by the £10.9m acquisition of insulation products manufacturer Clecon Incorporated of Cleveland, Ohio. In a profit-linked deferred payment deal, industrial concern West Nicholson has acquired the Crofton Group of Companies, manufacturers, distributors and importers of sunglasses and cases. The cash consideration consists of an initial payment of £1.68m and a further £170,000 payable in two years dependent on growth of profits. To finance the purchase, Crest has announced a rights issue.

In a further expansion of its chain of hotels and motor inns, Ladbrooke has bought two hotels in Surrey, the Seven Hills Hotel, Cobham, and the Bridge House Hotel, Reigate, for a total consideration of £2m.

Company bid for	Value of bid per share**	Market price**	Price bid	Value bid	Value bid	Final bid
Anglo-Swiss	561	55	297	1.46	Armstrong Eq.	—
Ash Spinning	110*	106	106	0.58	John Bright	—
Best & May	881	86	65	1.98	Crown House	—
Caledonian Hldgs.	1521	142	141	11.3	Comet	—
Caledonian Hldgs.	1521	142	72	13.2	Radiovision	—
Chamberlain Grp.	65*	62	45	7.97	London & Midland Inds. 9/4	—
Customagic	24*	23	22	0.23	Sharpe	12/3
Dartmouth Jvcs.	25*	24	19	3.23	Harvey Corp.	—
English Property	60*	61	54	57.3	Olympia & York Dev.	—
English Property	56*	61	54	53.5	Wereldhave	—
G.R. Francis	68*	67	64	1.39	Central Manl. & Trading	21/3
Guthrie	523	515	485	120.35	Slime Darby	—
Intercontinental	90*	88	57	12.77	Associations	—
Jacksons Bourne	100*	138	76	0.44	Rossminster Holdings	—
Janss Richards	155	126	109	33.8	Norcross	12/3
Files	90	89	72	4.2	GET Int'l.	12/3
Westinghouse	95	90	62	40.5	Bwkr. Sldly.	—
White Child & Bency	200*	193	108	4.88	A. Guinness	23/5

* All cash offer. * Cash alternative. * Partial bid. * For capital not already held. * Combined market capitalisation. * Date on which scheme is expected to become operative. ** Based on 1/3/79. † At suspension. ‡ Estimated. § Shares and cash. †† Based on 2/3/79. ‡‡ Unconditional.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Arnot	Jan.	2,790	(2,180)	35.8
Assoc. Fisheries	Sept.	2,380L	(2,600)	—
Attick Oil	June	64	(100)	1.5
Baynes (Charles)	Dec.	396	(394)	5.5
Brillme	Dec.	358	(321)	13.7
British Eakalon	Dec.	250L	(2,145)	—
British Vita	Dec.	6,830	(6,180)	29.7
Canning (W.)	Dec.	1,050	(1,460)	6.5
Change Wares	Dec.	815	(881)	3.97
Comm. Union	Dec.	142,200	(98,800)	21.4
Empire Plants	Mar.	1,064	(1,015)	2.1
Ever (George)	Sept.	1,380a	(1,100)	6.2
General Accident	Dec.	90,100	(70,200)	36.3
Grindlays	Dec.	37,230	(30,440)	31.7
Hoover	Dec.	5,300	(12,240)	15.0
LASMO	Dec.	32,010	(34,301)	13.9
Liden Hldgs.	Nov.	12,430L	(7,860)	—
Metalfax	Dec.	2,110	(1,470)	7.5
Mount Charlotte	Dec.	835	(522)	2.6
Nat. West. Bank	Dec.	297,400	(237,700)	80.9
Plantation Hldgs.	Dec.	4,020	(4,130)	6.2
Ransome Sims	Dec.	2,570	(2,250)	39.1
Ratcliffe	Dec.	1,790	(1,640)	20.7
Rentokil	Dec.	10,559	(8,543)	6.3
Rothschild	Dec.	1,340	(1,530)	9.4
Royal Insurance	Dec.	153,600	(133,800)	58.3
Unochrome	Sept.	222	(605)	0.1
Widnes & Nixon	Dec.	489	(196)	3.6

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Bakers Stores	Apr.	105	(65)
BOC Int'l.	Dec.	14,300	(10,800)
Campari Int'l.	Dec.	852	(813)
Diploma	Dec.	2,590	(2,040)
EMI	Dec.	20,800	(19,810)
English Assn.	Dec.	77	(115)
Johnson Matthey	Dec.	14,450	(13,370)
Lyles (S.)	Dec.	453	(107)
Raine Engrs.	Dec.	127	(103)
Trafford Park	Dec.	547	(483)

(Figures in parentheses are for corresponding period.) Dividends shown net except where otherwise stated. * Adjusted for any intervening scrip issue. † Three months. ‡ Seven months. § On increased capital. ¶ Six months. ** For 18 months. a Nine months. L Loss.

Offers for sale, placings and introductions

Lee Valley Water Company: Offer by tender of £2.5m 8 per cent redeemable preference stock 1986 at minimum price of 97 per cent.

Scrip Issues

Lyles (S.): One 11 per cent cumulative preference share for 10 ordinary. Treoville: One 10 per cent cumulative preference share for five ordinary and one ordinary for three ordinary.

APPOINTMENTS

Two new directors on main Beecham Board

Mr. J. B. Diamond and Mr. E. H. Nicholson will have been appointed to the board of the BEECHAM GROUP on April 1.

Mr. S. F. T. A. Lever and Mr. A. R. French, who represented the Hutchison Whampoa interests on the Board of PLAN-HOLDINGS, have resigned following the payment of the Multi-Purpose Holdings. The cash consideration consists of an initial payment of £1.68m and a further £170,000 payable in two years dependent on growth of profits.

Mr. Freda Sommersom, production director of MONO CONTAINERS (UK), is retiring from the company. Mr. J. A. S. Clemenson has been appointed a director of the Life Society, Fire Society, the Scottish Union and the Maritime from April 1. These are all companies within the NORWICH UNION GROUP. Mr. Clemenson is chairman and chief executive of Reckitt and Colman.

BOWYERS has made the following appointments from April 1: Mr. Chris Ball, formerly operations director, is to take over as managing director; Mr. John Dawson, previously Trowbridge divisional general manager, becomes operations director; Mr. Robin Gale, divisional general manager at Bowyers, Witney, has been made divisional general manager at Trowbridge; and Mr. Andy Walker, site manager at Witney, is promoted to divisional general manager for that region.

Mr. David Francis has been appointed financial director for AUTOBAR VENDING SUPPLIES. Mr. Brian D. Bennett has been appointed director of the Denver Equipment Division, JOY PROCESS EQUIPMENT and continues as general sales manager. Mr. Frederick R. Combe has become financial director, and Mr. Jim Wheeler and Mr. Allan Manning area sales managers.

Dr. E. J. Mason, director-general of the Meteorological Office, will become pro-chancellor of the UNIVERSITY OF SURREY on September 9. He will succeed Sir George Edwards, who retires on that date. Sir George will have the life title of Pro-Chancellor Emeritus.

Mr. Mick Samuels, manager of Satra Motors' dealer operations department, is leaving to take up a senior appointment with SATRA CORPORATION in the USSR as deputy to Mr. John Reuther, chief representative of Satra Corporation in the Soviet Union. Mr. Robert Young will be manager, dealer operations department at Satra Motors.

Mr. Alan Starkey has rejoined the Board of BSG INTERNATIONAL as a full-time executive director. Mr. Starkey, who joined BSG in 1971, was previously managing director of the Wingard factory which BSG acquired in 1974. Mr. Peter Howard-Jones has become managing director of member company Britax.

Mr. Buchan C. Marshall has been appointed deputy chief general manager of GENERAL ACCIDENT FIRE AND LIFE ASSURANCE CORPORATION. Mr. Richard Armitage has been appointed managing director of BRYANT AND MAY (UK) from April 1. He is at present deputy members of the Wilkinson Products (UK), responsible for the development of garden tools, housewares and scissors business in the UK and Continental Europe. Both companies are members of the Wilkinson Match Group.

HERON CORPORATION has formed SUZUKI GB CARS to handle the Suzuki range of four-wheel-drive and light commercial vehicles. It will be a subsidiary of Heron Suzuki GB. Managing director of the new concern is Mr. John Turner and company secretary is Mr. Denys Roban.

Mr. Robert Kinnell has been appointed works director of MORRISON AND GIBB, a subsidiary of the Oxylen Printing Group. JCB have formed a subsidiary, JCB MANUFACTURING OPERATIONS with Mr. Maurice Bennett as managing director. He will also join the Board of JCB Research.

Mr. Jan-Erik Andersen, international banking officer, HARRIS BANK, Chicago, has been assigned to the bank's London branch to look after increasing business in Northern Europe, particularly Scandinavian countries and other northern centres and parts of Eastern Europe.

Following the acquisition by H. E. Robertson Group, Mr. R. A. Mills and Mr. D. W. Rutherford have resigned from the Board of NEWGATE SLIMS and are replaced by Mrs. D. M. Hughes and Mr. W. E. Valentine. Mr. C. C. Appleton has resigned from the Board of Freeman Chemicals, another member of the Robertson Group.

The following senior appointments are to be made in POST OFFICE TELECOMMUNICATIONS:

Brand new market system

Year of experience have gone into the use of a new market system that has produced a steady stream of profits during 1978. We see no reason why its success should not continue into 1979. Start the year in a winning way and send today for your free copy of the most successful publication in this country. Venture Research, 12A Broad Street, Bristol 1.

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Ellerman Lines regrouping

ELLERMAN LINES has made the following changes: Ellerman Travel and Leisure: Mr. James Muir retires as chairman and chief executive but remains on that Board as a non-executive director. He will retire from the main Board of Ellerman Lines on June 26. Mr. W. W. MacDonnell, at present joint managing director of Ellerman Travel and Leisure, has been made managing director and chief executive of the company. Mr. Trevor Barker leaves that Board to takeover an executive position on the parent Board and become chairman of a number of industrial and commercial division subsidiaries. He will also act as travel consultant to the group managing director.

Mr. Hans Thykier has been appointed to the newly created position of vice-president, public affairs and communications — Europe, Middle East and Africa for AMERICAN EXPRESS COMPANY and its subsidiaries.

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual interest gross pay-Interest	Life sum bond	%	£	Year
East Lindsey (0507 5801)	13	1-year	250	5-10	
Knowsley (051 549655)	12	1-year	1,000	5-7	
Reading (0734 592325)	14	maturity	1,000	6-7	
Redbridge (01-478 3020)	12	1-year	200	4-5	
Sefton (051 822 4040)	13	1-year	2,000	5-7	

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30/12/78: Sound value at 105p. BUY/HOLD—Strong possibility of a mopping up bid by Arthur Guinness—Equity Research
19/2/79: ARTHUR GUINNESS BIDS 200p

For details of free info offer telephone 01-485 2844 or write to: EQUITY RESEARCH (Dept. FT3/3), Wardrobe Chambers, 146a, Queen Victoria Street, London, EC4V 6HD.

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IT'S LIKE HAVING YOUR CAKE AND EATING IT.

Anyone looking at the record of our Income Trust may find the name slightly deceptive.

For that we make no apologies. The fact that its capital growth has been as impressive as its income growth is something to be proud of.

Its aim was to produce a good income whilst protecting the capital invested. Its achievement has gone far beyond this.

In 1966, its first full year, income on £100 invested at launch was £6.99 before tax.

Today, that figure has risen to £16.66. Over the same period the offer price of units has risen 186.2% whereas the Financial Times All Share Index has risen 124.9% and the FT Industrial Ordinary by only 34%.

This has been the result of an investment policy of selecting the shares of growing companies with a good profit record and a strong balance sheet. And given its success, it's a policy we see no reason to change.

The minimum investment is £250. Or, if you wish to invest on a regular basis with tax relief and life assurance cover, you can make a monthly payment from £10.30 less tax relief.

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You should remember that the price of units and the income from them can go down as well as up.

You should regard your investment as long term.

Income is distributed after tax at the basic rate on 15th September and 15th March. The first payment for new investors will be in September.

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Prices and the yield appear daily in the Financial Times and other national newspapers. The offer price includes the initial management charge of 3 1/2%, and there is a half-yearly charge of 1%, plus VAT. Commission at 1% is paid by the Managers to authorised agents, but not in respect of Barclaycard purchases. You can sell back units on any business day at the bid price ruling when your instructions arrive. Payment will normally be made within seven days of receipt of the remitted certificates.

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If you wish to purchase these units through your Barclaycard account please fill in: _____

If you want your net income automatically re-invested please tick here ☐

I/We understand that units will be bought for me/us at the offer price ruling on the day of receipt of this application. A contract note showing the number of units purchased will be sent to you. Certificates will be posted within six weeks. I/We declare that I am/we are not resident outside the Scheduled Territories nor acquiring the units as the nominee(s) of any person(s) resident outside those Territories. If you are unable to make this declaration, it should be declared and the form lodged through your bank, stockbroker or any other authorised depository. In the case of joint applications all must sign. This offer is not available to residents of the Republic of Ireland.

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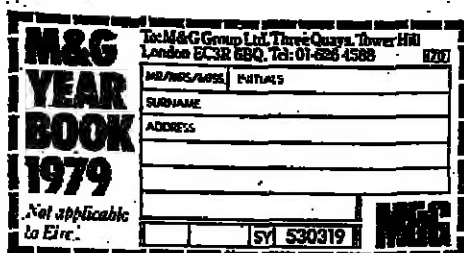
Copies of the Annual Report available from: The Secretary, The Wagon Finance Corporation Limited, 3, Endcliffe Crescent, Sheffield, S10 3EE.

MODE AND

[illegible]

FINANCE—LAND—Continued

[illegible]



MAN OF THE WEEK

Model modern mandarin

BY PETER RIDDELL

SIR DOUGLAS WASS has not had quite as calm and smooth a run as Permanent Secretary to the Treasury as his generally untroubled and rather donnish appearance might suggest. But during nearly five years at the top of the Treasury, disagreements and debates have mostly been kept inside Whitehall rather than aired openly as in the last few days since the leaking of a Treasury study, with his attached comments, on the potential waste of resources in Government support for certain industrial projects.



Sir Douglas Wass

All this has predictably raised the fury of those who believe that civil servants are always trying to undermine Ministers. But as Mr. Denis Healey, the Chancellor, noted, after paying tribute to the qualities of Sir Douglas as civil servant, his role is essentially to look at the sub-

ject as an accounting officer while the Cabinet examines the broader political aspects. In short he was doing his job. There is, of course, always likely to be tension between Ministers concerned with preserving jobs, especially before an election, and what has been described as the Treasury's natural and proper lack of enthusiasm about expenditure schemes.

The row has obviously been embarrassing for Sir Douglas who has the reputation of working well and closely with the Chancellor. In many respects Sir Douglas is the very model of a modern Treasury mandarin. After attending Nottingham High School a few years after Mr. Gordon Richardson, the Governor of the Bank he read mathematics at Cambridge. In 1946 he joined the Treasury, moving up to the top in 1974, after being closely involved in the design of incomes policies. His considerable intelligence combined with a calm and straightforwardness that have attracted loyalty within the Treasury and few apparent enemies outside.

Yet neither Sir Douglas nor his department have had an easy ride in recent years and both have been criticised. In 1976 he faced the trauma of the lengthy sterling crisis and had to stand in as the rather exposed spokesman for the UK at the International Monetary Fund annual meeting in Manila after the Chancellor turned back at London airport at the last minute.

This was followed in the spring of 1977 by the departure within a few weeks of all four of his Second Permanent Secretaries. Each could be explained on its own but all four together looked rather more than coincidence. There were stories of clashes on the key policy co-ordinating committee between Sir Douglas and his experienced and strong-willed deputies.

These departures left Sir Douglas as the dominant figure within the Treasury but that does not mean that his views have always carried the day. In the autumn of 1977, for instance, Sir Douglas was known strongly to have opposed the decision to allow sterling to float freely in face of big inflows of foreign currency.

Sir Douglas set out his general views in a lecture in Cambridge a year ago on the changing problems of economic management. From it he emerged as decidedly sceptical of some of the claims of monetarism while fully recognising the increased importance of financial influences.

West to reduce oil demands 5%

BY ROBERT MAUTHNER IN PARIS

THE WEST's main oil-consuming nations agreed yesterday to reduce their combined demand for oil on the world market by 5 per cent in response to the supply crisis caused by suspension of Iranian exports of crude.

The decision, by the governing body of the 20-nation International Energy Agency, which does not include France but has just been joined by Australia, means that the member-countries have undertaken to cut their demand by some 2m barrels a day in 1979.

The board had concluded that there was a serious risk of oil supplies falling short of demand by that amount this year.

Failure to take timely action could result in further deterioration and gravely damage world economy, said

the text of the board's programme.

Although no specific targets have been set for member-countries, all have given an "equivalent" contribution. In practice this means the 5 per cent reduction in the agency's overall demand will serve as objective for demand-reduction policies in each country.

Mr. Richard Cooper, U.S. Under-Secretary for Economic Affairs, said the U.S. was very pleased with the outcome of the meeting. His Government would do its utmost to respect the 5 per cent target, which would mean a 1m barrels a day reduction, 50m tonnes a year, half the total projected International Energy Agency demand cut.

The UK will aim to reduce its world market oil purchases by 4m to 5m tonnes in 1979.

Though no final decisions have been taken, the Government plans its cuts principally by burning an extra 5.5m tons of coal in power-stations; by an oil-saving drive in nationalised industries; and by appeals to consumers to save oil.

Each country has been left free to pursue the policies it considers most appropriate to achieve the 5 per cent target. The joint action programme gives some general guidelines. The member countries agree to reduce demand by:

1—More efficient use of energy; avoidance of energy consumption not essential for a high level of economic activity; alternative forms of energy.

2—Maintaining and developing home energy production at high levels.

3—Taking into account

potential for shifting to non-premium grades of crude, and adjusting regulations accordingly.

4—Adopting where necessary domestic pricing policies to help achieve the action programme's objective.

Member-countries' action will be monitored by two of the agency's standing groups. A progress report will go to the organization's ministerial meeting in Toronto on May 21 and 22. This meeting will be chaired by Mr. Anthony Wedgwood Benn, Energy Secretary.

Mr. Niels Erbskov, chairman of the governing board, praised the Organisation of Petroleum Exporting Countries members which stepped up their production to fill the gap left by Iran.

Iran halts frozen meat imports.

Page 2.

Brezhnev condemns China

BY DAVID SATTER IN MOSCOW

MR. LEONID BREZHNEV, the Soviet President, yesterday condemned China for its "unprecedented bandit attack" on Vietnam but carefully refrained from committing the Soviet Union to further specific aid for its Vietnamese ally.

In his first public speech since the outbreak of the Sino-Vietnamese conflict, he assured Vietnam that "the Soviet Union is loyal to the Treaty of Friendship and Co-operation binding our two countries." But his speech, at a Supreme Soviet election meeting in the Kremlin, did not contain the sort of veiled threat to China made by Mr. Andrei Gromyko, Soviet Foreign Minister, earlier this week. Mr. Gromyko warned China "to pull back before it is too late."

By failing to elaborate on this warning, which China has in any case ignored, the Soviet Union appears to be signalling that it will not retaliate against

China unless there is a major new escalation of the fighting.

Mr. Brezhnev insisted however that "Vietnam's cause is inviolable and the aggressors' plans are doomed to failure."

Whereas earlier major speeches by leading Politburo members contained strong attacks on the West for collusion with China and for pursuing "appeasement policies" modelled on the 1930s, Mr. Brezhnev pointed instead to progress in the Strategic Arms Limitation (SALT 2) talks.

"The work of more than six years appears to be near its completion now," he said. "The new treaty, when finalised, will probably be signed during my meeting with President Carter—in the near future, I hope."

His remarks on SALT appear to reflect the Soviet desire to ensure that relations with the U.S. are disturbed as little as possible by events in South East Asia. He described the SALT treaty as "a reasonable com-

promise which takes into consideration the interests of both sides."

Mr. Brezhnev made clear that the forthcoming summit meeting with President Carter would range widely. "We expect to discuss a number of questions pertaining to the further development of Soviet-American relations, the consolidation of détente and the strengthening of universal peace."

"The paramount task now is to extend détente to the military sphere." After referring to Soviet proposals for troop cuts in the Vienna Mutual Balance Force Reduction talks he went on to propose that the 35 signatories of the Helsinki agreements should negotiate "a kind of non-aggression pact" and pledge themselves not to make first use of either conventional or nuclear weapons.

David Buchan adds from Washington: Further progress towards a SALT 2 agreement was apparently made in two meetings that Mr. Anatoly

Dobrynin, the Soviet ambassador to the U.S., held last Tuesday with Mr. Cyrus Vance, Secretary of State, and later with President Carter.

Mr. Dobrynin, according to Press reports on which the State Department would not directly comment, is said to have offered new and narrower Soviet definition of "new types" of missile, whose development would be permitted under the proposed SALT accord. This new Soviet position is believed to be very close to the American position.

But there are still difficulties over the Soviet practice of concealing, or "encrypting," the data from their missile test flights.

The site for a treaty-signing summit between President Carter and Brezhnev has also not yet been agreed. The U.S. believes it should be held on American territory, because of previous SALT accord was signed in Moscow.

Official reserves rise by \$173m in February

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE INCREASED foreign confidence in the pound and in Britain's prospects led to an underlying rise in the official reserves of \$173m in February as the Bank of England intervened to prevent sterling from rising too fast.

These inflows were not as high as some earlier estimates and have been partly associated with foreign buying of gilt-edged stock, of which there were further reports yesterday.

Prices of stock increased sharply in the afternoon, after the Bank had failed to announce any new stocks.

Earlier gains of a point at the longest end were extended to 3½, and new long issue, 2000-2003, rose to 25½ for a 70 per cent potential profit in just over a week in its partly-paid form.

The FT Government Securities index jumped by 1.22 to 71.40 for a rise of 5.3 per cent in the last week, and of 10.5 per cent in the last three weeks.

The authorities decided not to announce further issues, partly because there was no urgency to raise money, but also because of their preference for waiting until markets had settled a little more.

The general aim now is to restore stability, following the one point cut in minimum lending rate to 13 per cent on Thursday, and this was again signalled in the Bank's money market operations. The clearing banks are expected to cut their base lending rates by half a point to a point from 13½ per cent early next week.

The fall in UK interest rates in the last fortnight has still left UK returns on long-dated Government stock about four points higher than in the U.S. and six points above yields than in West Germany.

This gap, together with optimism about the UK's external prospects in view of North Sea oil, largely explains

the inflows, though so far these have been on a much smaller scale than in 1977, when over \$3bn came in during one month.

Overall, the reserves rose by \$959m last month to \$16.62bn, after allowing for new foreign currency borrowing and repayments.

The underlying inflow last month was exceeded as recently as December. There are no market indications that the underlying increase has been significantly understated because of forward operations.

But it may be on the low side because of outflows associated with transactions for various Government Departments and the excess of debt interest payments over receipts.

These inflows were combined with a rise in the trade-weighted index of 1.4 per cent in February as the authorities allowed some of the demand to be reflected in the exchange rate.

Tribunal meets on 1930 loan

A TRIBUNAL meets in Bonn on Monday to try to settle disputes over repayment terms for a loan made to the German Government in 1930.

Representatives of a number of Western Governments, including the UK's, will argue that West Germany plans an inadequate repayment when the German Government International 5½ per cent 1930 loan (known as the Young Loan) matures in 1980.

Background, Page 6

Weather

UK TODAY

CLOUDY in the South. Rain with sunny periods elsewhere.

London, SE, E. Anglia, Cent. S. E. Midlands, Channel Islands, SW. Cloud, hill fog and rain. Max. 10c (50F).

E. W. Midlands, Cent. N. NE. Rain, hill fog, sunny periods. Max. 7c (45F).

S. Wales, N. Wales, NE England Sun and showers. Max. 7c (46F).

Rest of Britain. Wintry showers. Sunny intervals. Max. 6c (43F).

outlook: Bright intervals and showers.

WORLDWIDE

Algeria	12	54	Libson	12	54
America	12	54	Los Ang.	14	58
Athens	13	54	Madrid	12	54
Bahrein	20	58	London	12	54
Bangkok	13	54	Manila	12	54
Beirut	18	54	Mejorica	11	52
Bombay	14	57	Moscow	14	57
Buenos Aires	14	57	Munich	11	52
Cairo	14	57	Nairobi	12	54
Calcutta	14	57	Paris	11	52
Cardiff	10	50	Perth	11	52
Chennai	14	57	Rangoon	12	54
Colombo	14	57	Reykjavik	11	52
Copenhagen	14	57	Rome	11	52
Cebu	14	57	Sao Paulo	11	52
Dublin	12	54	Seoul	11	52
Edinburgh	11	52	Shanghai	12	54
Geneva	12	54	Singapore	12	54
Hamburg	12	54	Sydney	12	54
Helsinki	11	52	Taipei	12	54
Hong Kong	11	52	Tokyo	12	54
Imbros	14	57	Toronto	11	52
Indonesia	14	57	Ulan Bator	11	52
Istanbul	14	57	Warsaw	11	52
Japan	14	57	Zurich	11	52
Jersey	14	57			
Joazeiro	14	57			
Kuala Lumpur	14	57			
London	12	54			
Lyons	12	54			
Manila	12	54			
Medan	14	57			
Mexico City	14	57			
Moscow	14	57			
Mumbai	14	57			
Nairobi	12	54			
Paris	11	52			
Perth	11	52			
Rangoon	12	54			
Reykjavik	11	52			
Rome	11	52			
Sao Paulo	11	52			
Seoul	11	52			
Shanghai	12	54			
Singapore	12	54			
Sydney	12	54			
Taipei	12	54			
Tokyo	12	54			
Toronto	11	52			
Ulan Bator	11	52			
Warsaw	11	52			
Zurich	11	52			

British Steel cuts 1,700 jobs

BY ROY HODSON AND ROBIN REEVES

THE BIGGEST cut in management and white collar jobs yet proposed by the British Steel Corporation was announced in Cardiff yesterday by the management of BSC's Welsh division. The unions have been told some 1,700 jobs are to go—1,000 at Port Talbot and the rest at Ebbw Vale.

British Steel has slimmed its total work force by nearly 40,000 jobs over the last four years—

down to 188,000. Most of the redundancies and early retirements have been among shop-floor workers but the White collar staff has declined by 8,000 to 57,000.

Sir Charles Villiers, chairman and his senior executives, feel there is scope for a much greater reduction in the Corporation's white-collar staff to match the smaller iron and steel production work force.

Six major steelworks have closed in the past year with a loss of 17,000 jobs, and iron and steelmaking at Corby (nearly 6,000 jobs) is under threat.

British Steel wants to bring its remaining plants down to internationally competitive levels. That will require a further reduction in the total work-force—both white collar and shop-floor—of between 20,000 and 30,000.

Continued from Page 1

Rebuff for Callaghan

There could be an impressive amount of wheeling and dealing at Westminster over the next few days.

An important element in any party negotiations will be the prospects for the Budget, scheduled for April 3. If attempts are to be made to push ahead with an Edinburgh Assembly, the timing will take account of the Budget and the subsequent Finance Bill and there could be an effort to gain Nationalist support for the legislation as part of a package deal. The Conservative leadership, jubilant at the result of both polls, will strenuously oppose the setting up of an Edinburgh Assembly, and ominously for the Government, Mr. David Steel, the Liberal Leader and a pro-devolutionist, showed little enthusiasm for establish-

ing the Assembly on the basis of the reluctant and uncertain approval given.

Mrs. Thatcher, Conservative leader, called the results decisive and argued that when only one in three argued in favour of setting up an Assembly there was surely no basis for implementing the Scotland Act.

"A major constitutional change requires overwhelming support," she declared. "This has been a good day for the United Kingdom."

The Government's immediate future could depend on whether Mrs. Thatcher decides to table an early motion of no confidence in Mr. Callaghan's administration. The signs are that she is eager to do so but will wait the reaction of the Nationalists and other minority parties before committing her-

self. It would be tactically short-sighted to launch an attack that Mr. Callaghan could repulse.

The other crunch for the Government would come if Ministers decided to go ahead with the Scottish devolution proposals in the expectation that Labour rebels would come to heel for the sake of party loyalty and the Government's future.

Under devolution legislation if the 40 per cent target is not reached an Order must be tabled in the Commons repealing the Acts and cancelling the Assemblies. After tabling the Order Ministers and Government whips would then have to persuade MPs to vote it down, and this would entail converting many Labour rebels.

THE LEX COLUMN

City swings back to the Tories

Around lunchtime yesterday, the stock market woke up to politics. For most of the morning, the FT 30-Share Index was showing modest losses. Then the results of the referendum started to flow through, and they seemed to be bad enough to put the Government's point of view to rest.

By 1 pm, the Index was up 4.7 points, and it closed at the day's best with a rise of 8.5 points. And as 3.30 pm passed with no sign of a new Government tap stock to sap the bulls' strength, gilt-edged securities surged further forward.

So much for the idea that the City would rather have a Labour than a Conservative Government. Things have changed since the end of 1976, when a Labour Government with its hands tied by the International Monetary Fund seemed the least of all possible evils.

Several set-piece "no confidence" motions in the House of Commons were defeated in the following months — to the apparent relief of the Stock Market — and a poll taken by brokers Rowe Rudd in the spring of 1977 produced the startling conclusion that over two-fifths of investors thought a Conservative Government would be bad for share prices.

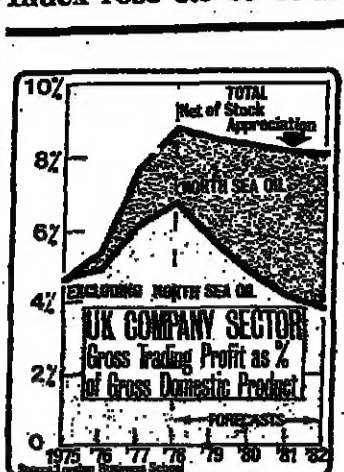
This proportion had fallen sharply when a further poll was taken a year later, but as recently as last September the Prime Minister's unexpected decision to defer a General Election sent share prices surging up to an all-time high.

Changing picture

The worry then was that an election might have brought an indecisive result. It was felt that a Conservative Government with a slim majority would have been badly placed to cope with what was already promising to be a very difficult pay round. But now the picture is quite different. In the first place, a Conservative Government could expect a healthy majority on the basis of recent opinion polls and of Thursday night's by-election results. In addition, the stock market is already beginning to sense that the worst of the pay round is over, and that the results are not turning out as badly as had been feared a few weeks ago. And the labour frontiers of this winter have made people feel that things may not be so much more uncomfortable under the Tories after all.

For these reasons, the prospects of an imminent General

Index rose 8.5 to 484.6



Election would now probably send share prices surging higher, at least over the short term. Everyone would latch on to the expectation of dividend freedom and the burial of the Price Commission. The assumption would be that the Government deficit would be cut and that the economic health of the private sector would become an urgent priority.

Of course there would be plenty of time for second thoughts, and day-to-day movements in security prices would be governed by the state of the opinion polls. For the record, share prices have been relatively steady in the weeks leading up to four out of the last five elections: the exception was October 1974, but everything was falling out of bed then anyway.

Of course yesterday's excitement could easily turn out to be premature, and leading brokers houses were last night urging caution on their clients. The City is notoriously bad at psephology. Yet the one thing it has learnt is that Mr. Callaghan is not going to hand over the reins easily.

The other question left outstanding by yesterday's action is why the gilt-edged market has been left untapped. There are a number of possible answers. The Government does not need the money, and in the light of recent events it must be sensitive to the criticism of wasting public money by funding too expensively. The only reason for announcing a new stock would have been to stop the market in its tracks, and soak up foreign inflows. But yesterday's reserve figures help

to support suggestions that the stories about overseas buying of Government stock have been exaggerated. And it might have been risky to launch a stock for the one thing that the authorities could not afford would be another unexpected sell-out. So for the time being the market has been left to find its own level—whatever that is.

Discount houses

Clustered around the Bank of England, the City's discount houses traditionally pride themselves on the nimbleness with which they move in and out. However, there are signs that even these seasoned traders are beginning to feel the strain.

Yesterday, the chairman of Allen Harvey and Ross, which reported its lowest profits since 1974, bemoaned the fact that he had to rewrite his chairman's statement three times already and his financial year ended less than a month ago. Shortly after that Minimum Lending Rate was jacked up to 14 per cent and there were many inside the market who thought it would have to go to 15 per cent to have any impact. How many they were.

The turnaround in sentiment in the past fortnight has been unprecedented and the discount houses, which normally account for over a third of the turnover in the gilt-edged market, have been falling over themselves to get back in. The real reason in their business is that there are capital profits to be made and the past fortnight has been a dream.

Allen Harvey and Ross, for example, would only have had to put £1m into the oversubscribed partly paid up issue, Treasury 13½ per cent, 2003, and it would have made a cool \$700,000 already—more than enough to cover last year's dividend. If it had geared itself up and put in £10m say, it would have made more than its total disclosed profits over the past decade.

In fact discount houses seem to get heavily involved in the long end of the gilt market—some of them burnt their fingers very badly in 1974. However, they have been very active in the short market where prices have risen by up to 27 since the beginning of February. Similarly there have been plenty of capital profits to be had in even shorter term paper such as floating CDs or eligible bills. Consequently, it is not hard to see why discount house share prices have been shooting up recently.

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